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Decision 02-03-056 March 21, 2002

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Future Energy Efficiency Policies, Administration and Programs.	Rulemaking 01-08-028 (Filed August 23, 2001)

INTERIM OPINION SELECTING 2002 STATEWIDE ENERGY EFFICIENCY PROGRAMS

118718

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INTERIM OPINION SELECTING 2002 STATEWIDE ENERGY EFFICIENCY PROGRAMS

I. Summary

In this interim decision, we select the statewide energy efficiency programs for 2002. We award $160 million in statewide energy efficiency funds. All of these programs will be funded by Public Goods Charge (PGC) funds collected in 2002.

In Decision (D.) 01-11-066, we established the rules that Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (Edison or SCE), and Southern California Gas Company (SoCalGas of SCG) must follow in seeking statewide funding. We also made non-utilities eligible to compete with the investor-owned utilities (IOUs) for $10.057 million available to fund general statewide energy efficiency marketing and outreach.

We have evaluated the proposals submitted by the IOUs and the non-utilities according to the criteria and point system established in D.01-11-066:

(1) Long-term annual energy savings	25 points
(2) Cost effectiveness	20 points
(3) Addressing market failures or barriers	17 points
(4) Equity considerations	15 points
(5) Electric peak demand savings	10 points
(6) Innovation	8 points
(7) Synergies and coordination with programs run by other entities	5 points

In this decision, we approve funding for 16 statewide programs. Fourteen will be implemented by the IOUs and two will be implemented by third parties.

The following table delineates the funding allocated to each utility program and to the Department of Consumer Affairs and Univision Television Group, which will implement statewide marketing and outreach programs.[1]

Statewide Programs	PG&E	SCE	SDG&E	SoCalGas	Total
Statewide IOU Programs*					
Appliance Recycling	$1,680,000	$4,000,000	$1,000,000		$6,680,000
Single Family Energy Efficiency Rebates	$12,816,000	$5,850,000	$3,197,000	$2,598,000	$24,461,000
Muti Family Energy Efficiency Rebates	$3,304,000	$2,000,000	$1,500,000	$1,500,000	$8,304,000
Home Energy Efficiency Surveys	$900,000	$900,000	$200,000	$150,000	$2,150,000
CA Energy Star New Homes Program	$6,520,000	$4,000,000	$2,058,000	$1,484,000	$14,062,000
Standard Performance Contract	$7,800,000	$9,650,000	$2,700,000		$20,150,000
Express Efficiency	$11,607,000	$6,000,000	$3,104,000	$2,433,000	$23,144,000
Nonresidential Energy Audit	$2,650,000	$1,400,000	$700,000	$2,400,000	$7,150,000
Building Operator Certification and Training	$258,000	$500,000	$150,000	$150,000	$1,058,000
Emerging Technologies	$300,000	$650,000	$80,000	$600,000	$1,630,000
Savings by Design - New Construction	$9,707,000	$7,674,000	$3,143,000	$1,973,000	$22,497,000
Education and Training	$1,069,000	$3,813,000	$1,100,000	$1,374,000	$7,356,000
Codes & Standards Advocacy	$818,000	$887,500	$100,000	$150,000	$1,955,500
Upstream Residential Lighting	$5,803,000	$1,999,500	$1,543,000		$9,345,500
Statewide IOU Programs Sub-Total	*$65,232,000*	*$49,324,000*	*$20,575,000*	*$14,812,000*	*$149,943,000*
Statewide Marketing and Outreach					
Department of Consumer Affairs	$3,483,329	$2,683,797	$1,099,155	$790,719	$8,057,000
Univision Television Group	$864,671	$666,203	$272,845	$196,281	$2,000,000
Statewide Marketing Campaigns Sub-Total	*$4,348,000*	*$3,350,000*	*$1,372,000*	*$987,000*	*$10,057,000*
STATEWIDE PROGRAMS TOTAL	***$69,580,000***	***$52,674,000***	***$21,947,000***	***$15,799,000***	***$160,000,000***

*Amounts shown for IOU programs exclude $10.5 million budget for evaluation, measurement and verification (EM&V).[2] The EM&V budgets are shown in Table 2, Attachment 1 of this decision.

[1] Additional tables setting forth our funding decision and the associated energy savings targets appear in Attachment 1 to this decision.

[2] EM&V activities are meant to determine the effects of a program, including program induced changes in energy efficiency markets, energy savings, and program cost effectiveness.

We have modified the IOUs' proposals where needed to make them consistent and to establish more robust energy savings targets, or more economical spending targets. With these changes, we estimate that the portfolio of statewide programs selected in this decision is cost effective, with a Total Resource Cost (TRC) ratio greater than 1.5. Where appropriate, we have made explicit the benchmarks by which we will judge whether the IOUs are serving hard-to-reach customers, as required by D.01-11-066. We have clarified how IOUs and third party providers will be able to establish eligibility for final payments, both for information-only programs and for programs with energy savings targets. We discuss changes in the incentive programs on which the IOUs have depended in the past for additional profits from energy efficiency programs. Finally, we specify a process for utilities and non-utilities to submit Program Implementation Plans 60 days following the effective date of this decision that will assist the providers and the Commission in ensuring that our energy efficiency goals are met in this program year. These parties should not delay program commencement or preparation pending submission of these Plans.

II. Background

In D.01-11-066, we changed the rules for energy efficiency programs to allow non-utilities to compete with utilities for energy efficiency funding. Of the $170.5 million available for programs with statewide reach, we designated $10.057 million for competitive solicitation by utilities and non-utilities alike. For 2002, we determined that the IOUs are eligible for the majority of the statewide program funds, but prescribed a new process for the IOUs to use in soliciting Commission approval. That process is the same for both utilities and non-utilities.

We adopted a phased-in approach to competitive solicitation for funding because we want to ensure that energy efficiency programs do not suffer as a result of a complete overhaul. We may increase the percentage of both statewide and local program funding available to non-utilities in 2003.

III. Selection Criteria

A. Proposal Scoring

In D.01-11-066, we established a points system to use in evaluating statewide proposals. We rated each program according to the criteria described below.

1. Long-Term Annual Energy (Gas and Electric) Savings

Points: 25

The most important goal of any Commission energy efficiency program is to create permanent and verifiable energy savings over the life-cycle of the relevant energy efficiency measures. Programs are not required to create immediate short-term energy savings, so long as there is a clear, logical, and verifiable link between program activities and eventual energy savings. In other words, the Commission will strive for sustainability in the consumption behaviors and investment choices its programs are designed to stimulate. In general, long-term energy savings are those that continue over at least a three-year period.

2. Cost Effectiveness

Points: 20

All proposals for energy efficiency programs will be required to provide an estimate of life-cycle benefits and costs from various points of view, using the assumptions detailed in the [Energy Efficiency Policy Manual], Chapter 4, [Attachment 1 to D.01-11-066]. The Commission will use this information to compare and rank program proposals designed for similar uses, markets, or customer segments.

3. Addressing Market Failures or Barriers

Points: 17

Any program proposed for Commission approval should include a description of the type of barrier it is designed to address or overcome. The following examples of barriers are listed in order of importance; programs may also address other barriers not listed below:

- Higher start-up expense for high-efficiency measures relative to standard-efficiency measures
- Lack of consumer information about energy efficiency benefits
- Lack of financing for energy efficiency improvements
- Split incentives (between owners/landlords and tenants)
- Lack of a viable and competitive set of providers of energy efficiency services in the market
- Barriers to the entry of new energy efficiency service providers
- Lack of availability of high-efficiency products

4. Equity Considerations

Points: 15

The Commission will generally prioritize programs that provide access to energy efficiency alternatives for underserved or hard-to-reach markets. Although those customers contribute equally to the funds collected to support program activities, in the past, they have had access to fewer program alternatives than other customers. [The Energy Efficiency Policy Manual] provides a more detailed definition of underserved and hard-to-reach markets, either from the point of view of customer class (*e.g.*, multifamily building residents, small businesses) or geography (*e.g.*, rural customers).

5. Electric Peak Demand Savings

Points: 10

Programs paid for by electric PGC funds should emphasize long-term and permanent peak demand savings. Such programs may include, for example, installation of permanent measures to reduce peak demand, such as variable-speed drives on motors, but should not include programs that create peak demand savings only through temporary behavioral change, such as air conditioner cycling or programs that encourage consumers to turn off lighting or air conditioning.

6. Innovation

Points: 8

The Commission will prioritize programs that present new ideas, new delivery mechanisms, new providers of energy efficiency services, or new and emerging technologies to address new program areas, to overcome existing shortcomings, or to improve the effectiveness of existing programs.

7. Synergies and Coordination With Programs Run by Other Entities

Points: 5

To minimize confusion and overlap for consumers, the Commission desires program proposals that take advantage of synergies or coordination with other existing programs, including those run by other state agencies, private entities, municipal utilities, or the federal government.

B. Importance of Statewide Programs

As stated in D.01-11-066, statewide programs are essential to the Commission's energy efficiency strategy and such programs should be uniform around the state to avoid customer confusion:

> Statewide programs will continue to be the backbone of the energy efficiency approach for 2002. These programs serve the Commission's policy goals and objectives by allocating funding equitably across customer classes and geography, providing consistent and recognizable program reach and securing both short- and long-term energy savings and peak demand reduction.
>
> Statewide programs must be uniform, with consistent terms and requirements throughout all the utilities' service territories. These consistent terms should include identical application procedures, financial incentives (if applicable), and other program implementation details. If the utilities cannot align their statewide program proposals, the Commission will choose the elements it prefers from those proposed.[3]

As we discuss below, many of the IOUs' proposed programs are not uniform. We have modified those proposals to achieve consistency across IOU programs to enhance energy savings statewide. Moreover, while each IOU proposed similar programs, consistent with the requirements of D.01-11-066, they did not categorize all program expenses in the same way. As part of their Program Implementation Plans, discussed more fully later in this decision,[4] we will require the IOUs, the Department of Consumer Affairs, and Univision Television Group to submit budgets that are more detailed and that categorize expenses consistently across both programs and utilities.

C. Statewide Program Mix

In D.01-11-066, we provided that the program mix for 2002 should consist of the following statewide program types:

- Statewide Residential Programs

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[3] D.01-11-066, *mimeo.*, at 8.

[4] *See* Section VI(A) below.

  - Statewide Residential Retrofit
  - Statewide Residential New Construction
- Statewide Nonresidential Programs
  - Statewide Nonresidential Retrofit
  - Statewide Nonresidential New Construction
- Statewide Cross-Cutting Programs

D. Available Funding

We allocated the following potential funding amounts to each category in D.01-11-066:

Statewide Programs Types	PG&E	SCE	SDG&E	SoCalGas	Total
Residential					
Retrofit (existing buildings)	18,700,000	12,750,000	5,897,000	4,248,000	41,595,000
New Construction	6,520,000	4,000,000	2,058,000	1,484,000	14,062,000
Nonresidential					
Retrofit (existing buildings)	22,615,000	18,900,000	7,134,000	5,133,000	53,782,000
New Construction	8,700,000	6,974,000	2,743,000	1,973,000	20,390,000
Cross-Cutting					
Res/Nonres Retrofit/New Constr.	8,697,000	6,700,000	2,743,000	1,974,000	20,114,000
Statewide Marketing Campaign	4,348,000	3,350,000	1,372,000	987,000	10,057,000
Total Statewide	69,580,000	52,674,000	21,947,000	15,799,000	160,000,000

We discuss each statewide program category and the awarded funding in order below.

IV. Programs Selected

A. Statewide Residential Programs

1. Statewide Residential Retrofit Programs

The Commission designated the statewide residential retrofit category for programs aimed at securing energy savings in existing single-family and multi-family residential homes. These programs include:

- Home energy efficiency surveys
- Appliance recycling

- Single family unit rebates for energy efficiency equipment (no lighting)
- Multi-family unit rebates for energy efficiency equipment (lighting and non-lighting)

a. Home Energy Efficiency Surveys

Each IOU proposes to conduct surveys to assist consumers in determining how they might improve the energy efficiency of their homes. These programs rely on a combination of online and mail surveys. IOU customers fill out the surveys and the individual IOUs offering the programs analyze the results and provide an informal audit to participating customers indicating ways to increase their home energy efficiency. We generally approve the IOUs' proposals with the following exceptions aimed at making the programs consistent.

We adopt SoCalGas' performance targets for each IOU, as they strike an appropriate balance between cost and performance. SoCalGas proposes to conduct 3,000 mail-in and 2,000 online audits at a cost of $150,000. The average cost of each audit is $30. Sixty percent of their proposed audits are by mail, while forty-percent are planned to be done on-line. The other three utilities should be able to conduct audits at no additional per-item cost. Therefore, we will hold the utilities to the performance targets listed in the table below, which we base on SoCalGas' targets.

Moreover, Edison proposes to "explore" creating a Spanish-language written version of its survey. We believe each IOU should develop and make available a Spanish-language written version for both mailing and web-posting within two months of the launch of their programs. We also require that written versions be offered in at least one Asian language of the IOUs' choice, as appropriate, in each IOU territory. IOUs should choose the most prevalent Asian language in their territory. Since it is likely that hard-to-reach customers will be difficult to target through web-based audits, at least fifty percent of mailed surveys should be sent to hard-to-reach customers.

PG&E did not provide a separate proposal for this program. The Commission's Energy Division requested that they do so, but PG&E responded after the due date. Because we believe surveys are a key part of any residential home energy efficiency program, we will require PG&E to conduct them in its territory. We will expect to see program details in PG&E's Program Implementation Plan, but set the budget and thereby the performance targets for this program at the same level as that for Edison, as set out in the following table. We have adjusted PG&E's Single Family Rebates budget to reflect the $900,000 of its funding that we are reallocating to this program.

We approve the following program targets and budgets:

Home Energy Efficiency Surveys	Mail Audits	Online Audits	Total Audits	Program Budget	EM&V Budget	Total Budget
PG&E	18,000	12,000	30,000	$900,000	$107,000	$1,007,000
SCE	18,000	12,000	30,000	$900,000	$81,000	$981,000
SCG	3,000	2,000	5,000	$150,000	$24,000	$174,000
SDGE	4,000	2,667	6,667	$200,000	$34,000	$234,000
Total	**43,000**	**28,667**	**71,667**	**$2,150,000**	**$246,000**	**$2,396,000**

b. Appliance Recycling

In D.01-11-066, we urged applicants to propose programs for refrigerator and other appliance recycling:

> Refrigerator, freezer, and room air-conditioner recycling has been offered in various geographic areas within the state through several prior Commission and utility programs. This year, the Commission intends to emphasize programs that reach regions of the state previously unserved by earlier appliance recycling programs to maximize statewide availability. We encourage the utilities to partner with other entities offering these services in specific

> geographic areas. Any appliance retirement program should offer comprehensive toxic material recycling and disposal in conformance with California environmental laws and regulations and permitting requirements.[5]

In response, each IOU proposed an appliance recycling plan, although the plans differ somewhat among utilities in terms of the number of units they propose to recycle, the budgets, and the consumer incentive structure. The Appliance Recycling Centers of America, Inc. (ARCA) filed comments critical, primarily, of PG&E's proposal. ARCA claims that the PG&E proposal (1) is inconsistent with that of the other large electric IOUs; (2) inappropriately adds additional incentives for consumers purchasing new *Energy Star®* appliances, rather than emphasizing recycling of old appliances[6]; and (3) offers inadequate energy savings and appliance recycling goals.

We set the refrigerator/freezer recycling incentive payment at $35, with the option for an energy efficiency product incentive (*i.e.*, a five pack of compact fluorescent light bulbs) in exchange for the removal of an operable primary or secondary unit. We find that, in general, the IOUs propose to recycle too few

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[5] D.01-11-066, *mimeo.*, at 11.

[6] ARCA also claims that PG&E's proposal to pay incentives for new appliances is contrary to Pub. Util. Code § 399.4(b)(2), which provides that the Commission shall ensure that "no energy efficiency funds are used to provide incentives for the purchase of new energy-efficient refrigerators." We ruled in our decision funding energy efficiency programs for 2001 that § 399.4(b)(2) applies to programs funded by PGC collections made after January 1, 2002. D.01-01-060, *mimeo.*, at 11. Thus, ARCA is correct that § 399.4(b)(2) prohibits the use of PGC funds for this purpose after January 1, 2002, the funding period for which the IOUs have applied in this proceeding, and we do not approve any such funding in this decision. By the same token, there may be programs that tie refrigerator change-outs to other activities, with the incentive payable only for the latter. Such programs would be consistent with § 399(b)(2).

units for too much money. We estimate that the SBX1 5[7] funds will result in the recycling of 80,000 appliances at a cost of $15 million, at a per-unit cost of $209.15; this figure includes profit and EM&V costs.[8] The Commission's administrative budget as program administrator is 2.5% or $5.25 on a unit cost basis. In contrast, the IOUs propose to recycle only 30,637 units at a cost of nearly $7 million. The average proposed cost per unit, across IOUs, is $228. On a unit-cost basis, therefore, the IOU's proposed programs for 2002 are significantly more costly than the SBX1 5 programs. The IOUs shall run this program at a unit cost of $200 per unit.[9] We adjust the IOUs' targets and budgets to be consistent with the latter programs.

We are also concerned about the duplication of administrative expense that will result if each IOU runs its own separate program. We will reduce administrative expense by appointing Edison as the one administrator to oversee the appliance recycling program statewide. Edison already has a track record in this role. As ARCA points out, we appointed Edison the program administrator for PG&E and SDG&E, as well as its own program, in connection with the 2000 Summer Initiative.[10] As a result of the Summer Initiative-funded programs in

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[7] California Legislature, 2001-02 First Extraordinary Session, Senate Bill 5.

[8] *Appliance Early Retirement and Recycling Agreement for Refrigerators, Freezers and Room Air Conditioners*, between Appliance Recycling Centers of America Inc. and the CPUC, dated June 12, 2001, available at http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/energy+efficiency+rulemaking.htm

[9] $200 (rounded) = $209.15 (recycling fee) + $5.25 (admin fee, rounded) less $15.00 (incentive reduction).

[10] *See* Application 99-09-049 *et seq.*

PG&E's and SDG&E's service territories, nearly 37,000 working inefficient refrigerators and freezers were retired and recycled.[11] PG&E and SDG&E should arrange to transfer funds to Edison for payment purposes.

We approve the following program details:

Appliance Recycling	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)[12]	Number of Units Targeted for Removal	Program Budget	EM&V Budget	Total Budget
PG&E	19,038,824	2,925	9,105	$1,680,000	$141,000	$1,821,000
SCE	42,939,291	6,597	20,535	$4,000,000	$107,000	$4,107,000
SDGE	10,925,629	1,679	5,225	$1,000,000	$45,000	$1,045,000
Total	**72,903,744**	**11,200**	**34,865**	**$6,680,000**	**$293,000**	**$6,973,000**

*SoCalGas will contribute $32,000 to the EM&V activities associated with this program.

c. Single-Family Unit Rebates For Energy Efficiency Equipment (No Lighting)

The IOUs also proposed to offer consumer rebates for upgrading to energy efficient appliances. In contrast to recycling programs that pay the consumer an incentive for recycling an old unit, rebate programs pay the consumer for purchasing a new energy efficient appliance or measure. These "downstream rebates" as they are called, target the residential single-family market. Measures covered include programmable thermostats, insulation, windows, water heaters, clothes and dishwashers, furnaces, heat pumps, air conditioners and pool pumps.

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[11] *The Multi-Megawatt Refrigerator/Freezer Recycling Summer Initiative Program Final Report*, December 2001, at 3, available at http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/energy+efficiency+rulemaking.htm

[12] Energy reduction targets specify how many kilowatt hours should be saved. Demand reduction targets show how many kilowatts of demand should be eliminated by the energy efficiency programs we fund.

In accordance with the requirement that the programs be consistent statewide, we have modified the programs as shown in the table below. We have increased PG&E's energy savings targets due to the fact that their administrative per-unit costs were far higher than those of the other IOUs for a majority of the proposed measures.

We approve the following program details:

Single Family Energy Efficiency Rebates	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget	Total Budget
PG&E	16,767,505	18,910	1,426,372	$12,816,000	$269,000	$13,085,000
SCE	19,039,000	6,770		$5,850,000	$203,000	$6,053,000
SCG	2,586,000	1,380	925,000	$2,598,000	$61,000	$2,659,000
SDGE	8,466,000	6,460	336,893	$3,197,000	$85,000	$3,282,000
Total	**46,858,505**	**33,520**	**2,688,265**	**$24,461,000**	**$618,000**	**$25,079,000**

d. Multi-Family Unit Rebates For Energy Efficiency Equipment (Lighting and Non-Lighting)

This category of proposals focuses on paying rebates to owners of multi-dwelling units for upgrading appliances and lighting to more efficient units. In some cases, the building owner's contractor, rather than the owner, may receive the rebate. Because SDG&E proposed the same program budget as did SoCalGas, we will hold SDG&E to the same kW and kWh targets as those proposed by SoCalGas.

We fund the following IOU programs in this category and approve the following program details:

Multi Family Energy Efficiency Rebates	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget	Total Budget
PG&E	3,751,245	4,420	708,970	$3,304,000	$179,000	$3,483,000
SCE	8,850,000	1,090		$2,000,000	$136,000	$2,136,000
SCG	2,440,484	840	575,000	$1,500,000	$41,000	$1,541,000
SDGE	2,440,484	840	279,599	$1,500,000	$57,000	$1,557,000
Total	**17,482,213**	**7,190**	**1,563,569**	**$8,304,000**	**$413,000**	**$8,717,000**

2. Statewide Residential New Construction

In D.01-11-066, we invited proposals focused on statewide residential new construction. Such programs focus on paying residential contractors and homebuilders incentives to construct new residences with energy efficient products.

We received proposals from all four IOUs, and amend them with the following requirements:

- We will require that the IOUs develop two distinct residential new construction programs, one for single-family homes and one for multi-family homes. We feel that a distinct multi-family residential new construction program can better target builders of multi-family buildings. In this decision we approve the overall Residential New Construction budget, but require the IOUs to develop two separate budgets and program plans to be submitted in their Program Implementation Plans. PG&E and SoCalGas set benchmarks of 9,000 and 2,893 multi-family units respectively. We require that both Edison and SDG&E set benchmarks for multi-family units as well, and report them in their Program Implementation Plans.
- To ensure that PGC funds are equitably distributed to all customers, we will require that 20% of direct implementation funds allocated to this program be reserved for units constructed for hard-to-reach customers,

as defined in the Energy Efficiency Policy Manual.[13] IOUs shall describe in their Program Implementation Plans how they will meet this 20% goal, which can include any combination of the following housing types:

  - Housing for senior citizens
  - Housing for individuals with special needs
  - Housing for lower–to-moderate income households
  - Rental units

- We impose a requirement that at least 15% of all claimed installations of energy efficiency measures be verified with an inspection. We will not allow incentives to be paid without proof of inspection of at least a 15% random sample of installations by a California Home Energy Efficiency Rating System (CHEERS) or Home Efficiency Rating System (HERS)-certified inspector.

We will enforce these requirements by holding back a portion of the final 15% payment, subject to the qualifications set forth in Section VII below.

We approve the following program details:

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[13] *Energy Efficiency Policy Manual*, Attachment 1 to D.01-11-066, at 12. Residential Hard-to-Reach customers are those who do not have easy access to program information or generally do not participate in energy efficiency programs due to language, income, housing type, geographic, or home ownership (split incentives) barrier. These barriers are defined as 1) language – primary language spoken is other than English, and/or, 2) Income – those customers who fall into the moderate income level (income levels less than 400% of federal poverty guideline), and/or 3) housing type – multi-family and mobile Home tenants, and/or 4) geographic – residents of areas other than the San Francisco Bay Area, San Diego, area, Los Angeles Basin or Sacramento, and/or 5) homeownership – renters.

CA Energy Star New Homes Program	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget	Total Budget
PG&E	3,914,428	4,204	259,580	$6,520,000	$285,000	$6,805,000
SCE	3,156,000	3,390		$4,000,000	$216,000	$4,216,000
SCG	521,000	4,000	86,000	$1,484,000	$65,000	$1,549,000
SDGE	1,262,000	1,350	93,856	$2,058,000	$90,000	$2,148,000
Total	**8,853,428**	**12,944**	**439,436**	**$14,062,000**	**$656,000**	**$14,718,000**

B. Statewide Nonresidential Programs

We also solicited proposals from the IOUs to serve the statewide nonresidential market. As with the residential programs, the proposals fall into two general categories: retrofit and new construction. We discuss these programs in turn.

1. Statewide Nonresidential Retrofit Programs

As we stated in D.01-11-066:

> The Commission will continue to support energy efficiency retrofits in the small, medium and large commercial building sectors. We expect to select a mix of programs emphasizing technical support, capacity-building, emerging technology demonstration, and quality assurance. Because of current high energy prices and the lower cost of energy saving devices, incentive payments are less necessary than they once were to encourage energy efficiency, especially in the large commercial sector.[14]

We received nonresidential retrofit proposals in five general categories: (1) Nonresidential Standard Performance Contract (SPC) programs,[15] (2) Express

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[14] D.01-11-066, *mimeo.*, at 12.

[15] The nonresidential SPC programs pay incentives for custom-designed energy efficient retrofit projects in existing business facilities, as contrasted with the Express Efficiency programs, which prescribe a list of energy efficient upgrades eligible for

Footnote continued on next page

Efficiency programs,[16] (3) Nonresidential audit programs, (4) Building operator training programs, and (5) Emerging technologies programs.

a. Nonresidential SPC Programs

PG&E, Edison, and SDG&E submitted nonresidential SPC program proposals. PG&E and Edison refer to the program as "ExpressSPC"; SDG&E uses the name "Standard Performance Contract." There should be one common name for this statewide program to avoid confusion and provide continuity from the perspective of the program participants. We shall continue to refer to this program as the "Nonresidential Standard Performance Contract (SPC)" program, as SDG&E has proposed.

The National Association of Energy Service Companies (NAESCO) pointed out in its comments that the IOUs' proposals differ in one significant way. While the Edison proposal seeks to offer SPC services through third party Energy Efficiency Service Providers (EESPs) with its customer account representatives only providing general promotion and program information to customers, PG&E's and SDG&E's proposals stated that SPC will be delivered via utility account service representatives, EESPs, and line channels or similar groups. NAESCO challenges PG&E's and SDG&E's proposals as

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incentives. Unlike Express Efficiency programs, the SPC programs may include large businesses among those entities eligible for incentives. These program approaches offer incentives on the basis of verified energy savings, rather than by prescribing replacement of specific equipment. Thus, such programs offer more flexibility for comprehensive projects to reduce energy consumption overall in a building.

[16] Express Efficiency programs are similar to nonresidential SPC programs except that they pay incentives on an appliance-by-appliance basis, rather than paying for a package of energy efficient products. These programs serve only small and medium businesses.

anticompetitive, claiming that "allowing the regulated monopoly utility company to use regulated utility resources to compete in the energy services market" will "squash[]" the "nascent energy service industry . . . by unfair competition from utilities."[17]

In their reply comments, both PG&E and SDG&E clarified their intended program role. PG&E indicated that it has no desire to compete with EESPs in program delivery (*i.e.*, project development, finance, or Measurement & Verification (M&V)), but that the Commission should not preclude the utility from promoting the programs and giving out program information to its customers. PG&E suggested that the Commission have EESPs and similar groups deliver program services, but allow utility representatives to provide assistance to first-time program applicants. Similarly, SDG&E clarified that it agrees that SDG&E account representatives and staff should be able to promote the program but not implement projects on behalf of customers.

Although we agree with NAESCO that it is Commission policy to encourage third party energy service providers to compete to provide energy services in this customer segment, the issue has been rendered moot by PG&E's and SDG&E's clarification of their program role. We expect the program to be primarily delivered through third party EESPs with utility representatives providing general promotion and program information to customers. Utility representatives should also be authorized to provide application assistance to program applicants as needed.

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[17] *Comments of the National Association of Energy Services Companies (NAESCO) on the Delivery of the Express SPC Programs as Filed in the Utility Statewide Plans on December 14, 2001* (NAESCO Comments), filed January 7, 2002, at . *Id.* at 3.

The IOUs also propose to carry out lighting retrofits in the context of their nonresidential SPC programs.[18] As we stated in D.01-11-066, "The Commission will also emphasize non-lighting measures, or lighting only in combination with other measures, particularly in medium and large customer facilities."[19] The IOUs' proposals appear to differ with respect to the availability of incentives for lighting measures under the program. Edison proposes to offer incentives to lighting systems measures only in conjunction with other measures, *i.e.*, in a comprehensive retrofit project, with at least 20% of the energy savings attributable to the non-lighting measures. PG&E and SDG&E offer the same incentive levels for lighting measures as Edison, but without the additional requirements specified in Edison's proposal.

We approve the incentive levels for lighting measures as proposed by the IOUs, but adopt Edison's approach. Thus, we limit the availability of incentives for lighting measures to comprehensive retrofit projects that also include other non-lighting measures, consistent with our directive in D.01-11-066. We will require the other IOUs to include such a requirement in their SPC programs. In addition, we expect that the IOUs will continue to emphasize non-lighting

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[18] The Energy Efficiency Policy Manual defines SPC programs as follows:

> Programs consisting of a set of agreements between the administrator or implementer and a number of project sponsors (either Implementers or Customers) to deliver energy savings from the installation of energy efficiency measures and technologies at a facility or set of facilities. These agreements are for a pre-specified price per unit of energy savings, measured using a pre-specified set of Measurement and Verification (M&V) protocols. An SPC program is an open-ended offer with a pre-specified price and set of terms.
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> *Energy Efficiency Policy Manual* at 10.

[19] D.01-11-066, *mimeo.,* at 12.

measures in their SPC programs as they have done in the past years[20] and devote at least 70% of the SPC financial incentives to non-lighting retrofits.

Furthermore, there is a free ridership problem in the area of lighting retrofits for the large SPC program.[21] That is, parties receiving the incentives might have undertaken the relatively inexpensive and simple lighting change-outs even without energy efficiency program incentives.

In order to ensure that scarce energy efficiency program dollars are devoted only to customers who would not have upgraded their buildings without the incentives, we will not allow the IOUs to pay incentives to large customers carrying out upgrades with “first generation”[22] energy efficient lighting technology. Such upgrades are already inexpensive and highly profitable for builders and contractors, and we do not believe incentives are necessary to encourage such retrofits. However, we will allow the IOUs to pay incentives for installation of “second generation” and/or "third generation"

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[20] *See* information contained in the following reports: *1999 State-Level Small/Medium Nonresidential MA&E Study Final Report*, Volume 1 of 2, Xenergy Inc. and Quantum Consulting, Inc., December 6, 2000, at 2-14; and *Improving the Standard Performance Contracting Program: An Examination of the Historical Evidence and Directions for the Future; Final Report*, Xenergy Inc., November 29, 2001, at 2-8, available at http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/energy+efficiency+rulemaking.htm

[21] *See Improving the Standard Performance Contracting Program: An Examination of the Historical Evidence and Directions for the Future; Final Report*, Xenergy Inc., November 29, 2001, at E-3 and E-4, available at http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/energy+efficiency+rulemaking.htm

[22] First Generation T-8 Lighting refers to the 700 Series lighting with color rendering index (CRI) > 70.

lighting technology, because builders and contractors still require incentives for these more expensive, less profitable retrofits.[23]

Finally, Edison has proposed to save 41,719 MWh in their portion of the SPC program. Based upon Edison's past performance, their proposed budget, and the proposed continuity of program design, the draft decision revised this target to 48,772 MWh. Edison's comments on the draft decision argue that this target is too high since this year's program has higher hard-to-reach and non-lighting targets. In response to these comments, the Energy Division issued a data request to Edison and confirmed Edison's response. (See Attachments 9 and 10.) We therefore accept Edison's proposed energy savings and demand reduction targets of 41,719 MWh.

With the changes we make above, we adopt the following funding and energy savings levels for each IOU in the nonresidential SPC program category:

Standard Performance Contract	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget*	Total Budget
PG&E	15,734,455	3,147	1,493,187	$7,800,000	$250,000	$8,050,000
SCE	41,719,000	8,620		$9,650,000	$189,000	$9,839,000
SDGE	8,568,000	1,070	186,089	$2,700,000	$79,000	$2,779,000
Total	**73,074,455**	**12,837**	**1,679,276**	**$20,150,000**	**$518,000**	**$20,668,000**

* SoCalGas will contribute $57,000 to the EM&V activities associated with this program.

[23] Second Generation T-8 Lighting includes Premium T-8 Lamps with electronic ballasts, replacing existing T-12 lamps and magnetic ballasts. "Premium" means minimum rated life (at 3 hour start rating) of 24,000 hours with rapid-start ballasts or 18,000 hours with instant-start ballasts. Lamps must have a CRI > 85. Third Generation T-8 Lighting includes Premium T-8 plus the following characteristics: Lamps - initial (catalog) lumen output > 3100; ballasts - ballast factor < 0.77.

b. Express Efficiency Programs

Express Efficiency programs pay rebates to distributors and small- to medium-sized nonresidential customers for equipping facilities with selected energy efficiency measures. When we sought such proposals in D.01-11-066, we stated that,

> For 2002, we hope to see a program similar to the Express Efficiency program offered by the utilities in the past, but limited to the small and very small business segment (average monthly power demand up to 200 kW). Customer rebates could be offered for the following technologies (or others):
>
> - T8 and/or T5 lamps
> - Electronic ballasts
> - Lighting controls such as photocell controllers and occupancy sensors
> - Compact fluorescent lamps (CFLs)
> - High-efficiency motors
> - [HVAC] measures
>
> The Commission may fund one or more small business rebate programs on a statewide basis.[24]

In response, the four IOUs propose a statewide Express Efficiency program for businesses whose monthly demand does not surpass 500 kW, and whose annual gas usage does not exceed 250,000 therms. Because program eligibility is limited to these participants, the free-ridership problem discussed in connection with the SPC program is less of a concern. Therefore, we do not

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[24] *Id.* at 13.

impose on the Express Efficiency program the limitations on lighting retrofits we imposed within the SPC program.

However, because Express Efficiency and SPC share the small and medium-sized customer market, opportunities exist to leverage promotional activities. Recognizing the magnitude of this market and the current difficulties in satisfying its potential, we follow the recommendation of the *1999 State-Level Small/Medium Nonresidential MA&E Study*[25] and instruct the IOUs to ensure that all nonresidential programs available to this customer class coordinate information, marketing, and education efforts.[26]

The IOUs propose to change the existing Express Efficiency application process in one key respect: while the current programs require a customer to "reserve" a rebate before installing the energy efficient product, the proposed program would eliminate this requirement. While the reservation system may be an additional hurdle, its benefits should not be ignored. In 2001, reservations assured potential customers of a rebate upon installation of energy efficient measures. We believe such certainty is crucial to encouraging investment in energy efficiency among small and medium sized customers, and therefore require the IOUs to continue to allow for rebate reservations in the Express Efficiency program.

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[25] *1999 State-Level Small/Medium Nonresidential MA&E Study*, *Final Report*, Volume 1 of 2. Xenergy, Inc. and Quantum Consulting, Inc., December 6, 2000, at 2-28 – 2-29, available at
http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/energy+efficiency+rulemaking.htm

[26] In addition, we require the IOUs to work together to market all of their statewide programs. *See* Section IV(C)(1) below.

Finally, Edison has proposed to save 58,697 MWh and 13.93 MW in their portion of the Express program. Based upon the share of the small and medium customer market in Edison's territory, Edison's past performance in the Express program, and upon Edison's proposed budget, the draft decision revised these savings targets to 80,940 MWh and 17.55 MW.

Edison's comments on the draft decision claim that these targets cannot be met without making significant changes in program design, such as altering Express marketing to focus upon the largest eligible customer class, and limiting incentives for certain measures. In response to Edison's comments, the Energy Division issued a data request with the purpose of determining the extent to which the mix of measures anticipated by the proposed Express Efficiency program differed from the mix of measures installed in prior years. Based upon the response to this request (Attachment 10), we find that the Express program proposes to de-emphasize lighting measures. We therefore revise the Express energy savings target to 64,303 MWh, but accept Edison's demand reduction target of 13.93 MW.

We approve the following plans and budgets in this category:

Express Efficiency	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget	Total Budget
PG&E	155,382,003	29,288	8,761	$11,607,000	$320,000	$11,927,000
SCE	64,303,000	13,930		$6,000,000	$242,000	$6,242,000
SCG	17,000		2,190,000	$2,433,000	$73,000	$2,506,000
SDGE	47,452,000	9,040	607,310	$3,104,000	$101,000	$3,205,000
Total	**283,791,003**	**55,878**	**2,806,071**	**$23,144,000**	**$736,000**	**$23,880,000**

c. Nonresidential Audit Programs

Nonresidential audit programs are designed to inform small, medium and large nonresidential customers how to reduce their energy bills by the use of energy efficient measures. The programs generally rely on phone, online and software-based surveys for small and medium customers, and on-site audits for large customers. All four IOUs applied for such funding.

Because these programs reach out to customers who may not initially be seeking energy efficiency upgrades, we are especially interested in assuring statewide uniformity in this category. First, the IOUs should use one common, consumer-friendly, name for these programs. Edison refers to its program as "Nonresidential Energy Surveys," while the other three IOUs refer to the program as "Nonresidential Energy Audit." We shall use the latter program title consistent with the majority's nomenclature.

Second, while there is consistency among the four IOUs regarding the availability of mail-in, CD ROM, on-line, and phone audits to various customer classes, there appear to be differences with respect to the availability of on-site audits as shown below:

	PG&E	SDG&E	SCG	SCE
Hard to reach	√	√	√	*
Very small		√		*
Small		√	√	√
Medium	√	√	√	√
Large	√	√	N/A	√

* SCE has proposed a local program that will offer energy surveys that target hard-to-reach and underserved customers.

The IOUs should make their on-site audits available to the same set of customers with the same eligibility requirements. They should address this issue in their Program Implementation Plans.

With respect to on-line audits, both PG&E and SDG&E indicated that this type of audit "will be available in the future" for small and medium customers, whereas it is already available to Edison and SoCalGas customers. PG&E and SDG&E should provide a timeline for the development and availability of online audits to their small and medium customers in their Program Implementation Plans.

Third, unlike the other IOUs, PG&E described a program component called "How To Do an Energy Audit," which offers both theoretical and on-site training to qualified personnel of a variety of organizations to enable them to provide comprehensive energy efficiency services.[27] We support such training efforts to the extent that they are not offered through other IOU education and training programs, and require that the other IOUs offer similar training as part of their Nonresidential Energy Audit Programs. The IOUs should provide detailed description of this training component and an itemized budget (out of the total program budget) in their Program Implementation Plans.[28]

The IOUs did not propose program performance goals for this particular program, noting that it is an information program and therefore only subject to the two-stage payment schedule contingent upon acceptance of their Program Implementation Plans and quarterly reports. As we discuss further in Section VI.D. below, we require accountability in all program categories—including information programs—as a prerequisite to program payment. The IOUs should identify certain performance targets that they intend to achieve and track in quarterly reports in their Program Implementation Plans. One performance

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[27] SoCalGas and SDG&E both indicated that "interested [Community Based Organizations] will be provided the opportunity to gain energy audit training to conduct their own energy audits," but provided no other details in their proposals.

[28] On January 28, 2002, PG&E provided additional information on its "How To Do An Energy Audit" program component in its response to Energy Division's data request sent on January 23, 2002. PG&E should reiterate and/or supplement the information provided in its Program Implementation Plans.

target could be the number of audits achieved by type of audit and by customer class.

We approve the following budgets for the IOUs' nonresidential energy audit programs:

Nonresidential Energy Audit	Program Budget	EM&V Budget	Total Budget
PG&E	$2,650,000	$228,000	$2,878,000
SCE	$1,400,000	$173,000	$1,573,000
SCG	$2,400,000	$52,000	$2,452,000
SDGE	$700,000	$72,000	$772,000
Total	**7,150,000**	**525,000**	**7,675,000**

d. Building Operator Certification and Training

We defined building operator certification and training programs in D.01-11-066:

> Building operator certification and training programs would educate operators of large and medium commercial buildings, including public buildings, on short- and long-term peak demand and energy savings strategies for their buildings. After participating in training activities, individual building operators could become certified in efficient building operation.[29]

The programs the IOUs propose offer three separate components: classroom training; practical, project-specific training; and certification. As is true for so many of the IOUs' proposals, we are concerned about the lack of consistency in program details. For example, Edison has already identified two subcontractors with which it will work on its program, and was able to describe in some detail the program delivery process and implementation timetable,

[29] D.01-11-066, *mimeo.,* at 13.

while the other IOUs intend to put the program out for competitive bid if/when funded.[30]

It makes sense to develop uniform certification criteria so that an individual trained in this area can work anywhere in the state, rather than being restricted to a particular IOU's territory. Therefore, while we generally approve the IOUs' proposed budgets, we will require further work from the IOUs to ensure program uniformity. We order all four large IOUs jointly to develop standard training curricula, testing and other certification standards. They shall consult with the Energy Division during this process. Once the IOUs develop, and the Commission or the assigned Commissioner approves such standard criteria, PG&E, SDG&E, and SCG may then solicit competitive bids from program providers to roll out their programs. All IOUs should ensure that their subcontractors implement the program consistent with the approved standards.

The IOUs should develop the standard training curricula, testing and other certification standards and submit them for Commission or assigned Commissioner approval no later than 30 days after issuance of this decision. The Commission will retain ownership of the curricula and other aspects of the training program. The IOUs should be able to roll out their programs within 30 days after the Commission or its representative approves these standards.

The IOUs should submit a detailed timeline of activities for this program in their Program Implementation Plans as required in Section VI(A) below. In

[30] PG&E and SoCalGas propose to "work with other IOUs to acquire and deliver a [Building Operator Certification (BOC)] program by way of competitive process." SDG&E indicated that it "has offered a BOC program for the past two years using two different resource/curriculums" and that it plans to continue the 2001 program curriculum in 2002. SDG&E also indicated that it would use a competitive process for BOC acquisition.

addition, the IOUs should identify the performance targets they propose to achieve in this program and track in their quarterly reports. Some possible performance targets may include the number of building operators enrolling in the program, the number of certified building operators, and the number of training courses offered.

We approve the following budgets for these programs:

Building Operator Certification and Training	Program Budget	EM&V Budget	Total Budget
PG&E	$258,000	$35,000	$293,000
SCE	$500,000	$26,000	$526,000
SCG	$150,000	$8,000	$158,000
SDGE	$150,000	$11,000	$161,000
Total	**1,058,000**	**80,000**	**1,138,000**

e. Emerging Technologies

The IOUs also included a category of "emerging technology" proposals designed to move emerging energy efficient technologies to market. While the funding they seek for this work is modest, these programs are important to the development of the next generation of energy efficient devices. Our only real concern with the IOUs' proposals is that they do not adequately document how previous expenditures in this area have helped move products to market. We will require that the IOUs do so in 2002.

As the IOUs point out, large commercial players (architects and designers, builders and contractors) are hesitant to commit to installing new energy efficient technology without extra marketing and training, on-site demonstrations, seminars and the like. Funding in this area focuses on the efforts of the Emerging Technologies Coordinating Council, in which the four large IOUs and the California Energy Commission (CEC), through its Public Interest Energy

Research (PIER) program,[31] coordinate their efforts to develop emerging technologies and move them to market.

We support these programs and will fund them. However, we will require the IOUs to report on the extent to which funding this Commission awards advances the cause of emerging energy efficient technologies. For each emerging technology set forth on the CEC's PIER website at http://www.energy.ca.gov/pier/programs.html, we will require that the IOUs describe in their 2002 quarterly reports how PGC funding is moving these technologies to market.

We fund the following IOU emerging technology programs:

Emerging Technologies	Program Budget*	EM&V Budget	Total Budget
PG&E	$300,000	$43,000	$343,000
SCE	$650,000	$33,000	$683,000
SCG	$600,000	$10,000	$610,000
SDGE	$80,000	$14,000	$94,000
Total	**1,630,000**	**100,000**	**1,730,000**

* SoCalGas will fund its program as follows: $150,000 under nonresidential retrofit and $450,000 under statewide cross cutting. SoCalGas proposes to augment this budget with $100,000 of local program funds. Review of this request will be made during local program proposal review.

2. Statewide Nonresidential New Construction Programs/Savings by Design

We urged the IOUs to set a new benchmark above the current June 2001 Title 24 building code standards in proposing statewide nonresidential new construction programs. We stated that,

> The setting of the new benchmark should be undertaken in consultation with the CEC and support CEC goals for further code

[31] Details of the PIER program appear at http://www.energy.ca.gov/pier/index.html.

> revisions for the 2005 cycle. Similar to the utilities' past Savings by Design program, we would expect this type of program to de-emphasize prescriptive technological approaches in favor of providing incentives to include efficiency during the design process. The Commission prefers a whole-building design approach.[32]

In response, the IOUs proposed various versions of their past "Savings by Design" programs. In addition to new construction, these programs are open to projects that involve rebuilding from the ground up. In these programs, building architects, design teams, building owners and/or developers receive incentives based on the percentage by which the work exceeds Title 24 standards. Building owners or designers receive an incentive if work exceeds 10% above Title 24 building energy efficiency standards; if the work exceeds standards by 15%, the architects and design team also receive an incentive.

As noted above, we stated in D.01-11-066 that we preferred a "whole-building" approach to such projects. The whole-building approach, as contrasted to the "systems" approach, incorporates energy efficiency concepts into the design of an entire construction project, rather than encouraging the installation of a limited number of energy efficiency measures. In the past, the IOUs' Savings by Design programs have focused on the latter, prescriptive approach,[33] and they continue to do so. In order to ensure that the market migrates to a whole-building approach, we will require that 50% of the direct

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[32] D.01-11-066, *mimeo.,* p. 13.

[33] The Energy Efficiency Policy Manual explains this dichotomy. A "prescriptive rebate" is "[a] prescribed financial incentive per unit for a prescribed list of individual products." By contrast, a "customized rebate" – analogous to a whole-building approach – is "[a] program where the financial incentive is determined using an analysis of the customer's existing equipment and an agreement on the specific products to be installed." *Energy Efficiency Policy Manual* at 9.

program implementation funds be reserved for encouraging energy reductions that come from such whole-building-oriented projects. The remaining budget (up to 50% of direct implementation funds) may be devoted to projects using the prescriptive approach. A portion of the final 15% payment will be devoted to ensuring IOU compliance with this goal.

In summary, we approve the following program budgets and savings goals for the Savings by Design programs:

Savings by Design	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget*	EM&V Budget	Total Budget
PG&E	35,000,000	14,800	300,000	$9,707,000	$339,000	$10,046,000
SCE	33,256,000	7,780		$7,674,000	$256,000	$7,930,000
SCG	8,486,000	4,630	49,000	$1,973,000	$77,000	$2,050,000
SDGE	10,832,000	2,090	141,784	$3,143,000	$107,000	$3,250,000
Total	**87,574,000**	**29,300**	**490,784**	**22,497,000**	**779,000**	**23,276,000**

*SCE and SDG&E will draw $700,000 and $400,000 of their program budgets, respectively, from the non-residential retrofit funds. PG&E will draw $1,007,000 of its program budget from statewide crosscutting funds.

C. Statewide Cross-Cutting Programs

We stated in D.01-11-06 that,

> A cross-cutting program may target both residential and nonresidential consumers as participants. In addition, the programs may simply support other programs. Finally, such programs could include retrofit or new construction markets.[34]

We received four types of statewide cross-cutting program applications, for: (1) statewide marketing and outreach programs, which were the subject of competitive bids by non-IOUs; (2) education and training programs; (3) codes

[34] D.01-11-066, *mimeo.,* at 14.

and standards advocacy; and (4) statewide upstream residential lighting program. We discuss each type of program in turn.

1. Statewide Marketing and Outreach Programs

We allowed for competitive bidding for statewide marketing and outreach programs so that IOUs and/or non-IOUs might be funded to deliver consumer marketing and outreach messages. In addition to the IOU proposals, we received 12 proposals from the following third parties: the Department of Consumer Affairs (DCA), Univision Television Group (Univision), Energy Solutions, InSync Information Systems (InSync), ADM Associates (ADM; 3 proposals), Global Energy Partners (Global), California Home Energy Efficiency Rating System, Inc. (CHEERS), Richard Heath and Associates (Heath), Geothermal Heat Pump Consortium (Geothermal), and SBW Consulting (SBW).

The ADM, Global, CHEERS, Heath, Geothermal, and SBW proposals did not actually propose qualifying marketing and outreach programs, and we have removed them from consideration in this category. Instead, we will consider those proposals for funding in the "local programs" category to be discussed in a subsequent decision. As we pointed out in D.01-11-066, statewide marketing and outreach programs

> should continue statewide messages on simple things individual consumers can do to reduce their bills and the risk of rolling blackouts, and/or increase consumer awareness of and participation in the statewide programs available to them. The Commission desires program proposals that maintain a consistent statewide message through a mass-market advertising campaign.[35]

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[35] *Id.*

Programs proposing to train and educate industry participants such as the lodging, convenience store, and contractor sub-sectors (ADM), schools (Geothermal), manufacturers and builders (Heath), or inspectors (CHEERS) are not such programs. Proposals promoting more efficient motors (Global) or improving industrial processes (SBW) likewise do not fit the category. Such proposals target narrow audiences and do not target individual consumers with mass-market advertising. Thus, we did not further consider these proposals in this category. As stated above, we will consider these proposals for funding as "local programs" to be described in a subsequent decision.

We do not select IOU proposals in this category because IOUs are already receiving more than $9 million in outreach and marketing funding connected with their individual statewide programs. Many of their proposed activities are contingent on other marketing and outreach efforts, funded primarily by the State of California, including the DCA. We believe we can achieve a more consistent message, and spend this funding most effectively, if the funding goes directly to the DCA. DCA has worked collaboratively with the IOUs in the past and plans to continue doing so.[36] We believe the IOUs can work with the DCA and Univision in the context of the programs we are funding to increase the effectiveness of the energy efficiency message statewide. We expect the IOUs to utilize a portion of their marketing funds allocated to specific programs to work with DCA, Univision, and any other State-sponsored marketing efforts focused on energy efficiency, in order to leverage all of the various marketing dollars most effectively.

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[36] *See* Attachment 3 hereto.

Moreover, we expect the IOUs to use their own $9 million in marketing and outreach funding collaboratively with one another. That is, to the extent the IOUs offer the same programs, they should advertise them together. We believe that such collaboration ultimately will reduce the likelihood of duplicate expenditures to advertise the same programs. The IOUs shall keep the Commission's Energy Division informed in their quarterly reports of what they are doing to further this collaborative goal. They shall also explain in their Program Implementation Plans how they will work together on marketing/advertising like programs around the state. We are especially interested in IOU collaboration on big ticket marketing such as television advertising. The IOUs shall explain how they will coordinate such advertising in their Plans. We also will require the IOUs to adhere to the same requirements we impose on DCA and Univision with regard to the use of the funding for energy efficiency messages. The primary emphasis of all IOU PGC-funded marketing shall be energy efficiency.

Of the remaining third party proposals, we scored DCA's and Univision's the highest. These proposals meet the D.01-11-066 prerequisites, in that they involve mass-market advertising campaigns that target individual consumers on a statewide basis. The proposals offered by Energy Solutions and InSync involve mass mailing campaigns and targeted e-mail messages. Energy Solutions proposed directing its message to building contractors, which may only indirectly benefit a general audience. InSync would target hard-to-reach residential customers and building contractors. We feel we can make better use of our limited resources by using television, radio, and print advertising.

The DCA proposal seeks the entire statewide marketing and outreach budget to continue the state's *Flex Your Power* campaign, which began in the summer of 2001. On January 11, 2002, the Commission's Energy Division sent

DCA a data request seeking clarification of its proposal.[37] Because the funding we award here is targeted for energy efficiency efforts, we must ensure that the DCA spends any funding we might award on an energy efficiency message, rather than a conservation message.

We wholeheartedly support the goal of conservation and congratulate all Californians for their efforts to conserve energy in the past year. Nonetheless, the conservation message has dominated the *Flex Your Power* campaigns to date, and informs consumers to turn out lights, unplug a second refrigerator, or use dishwashers and clothes washers at non-peak times. The message we prefer is focused not on making these behavioral changes, but rather on persuading consumers to make permanent changes to their homes so that energy savings are not dependent on behavior once the energy efficient measures are installed. As we stated in the Energy Efficiency Policy Manual, "the following types of activities are not eligible for energy efficiency program funding out of PGC funds: . . . Load-shifting programs that rely only on temporary or impermanent behavioral change (programs that install *permanent* equipment to manage load, such as energy management systems, are eligible)."[38]

Therefore, the data request asked whether the *Flex Your Power* advertising content/message was already finalized. The DCA responded to the data request on January 22, 2002.[39] It stated the following with regard to the content of the *Flex Your Power* message:

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[37] The data request appears as Attachment 2 to this decision.

[38] D.01-11-066, Attachment 1, at 17 (emphasis in original).

[39] The data request response appears as Attachment 3 to this decision.

> Future Flex Your Power radio and television messages could be developed to include information about statewide energy efficiency programs, in addition to basic conservation information, if adequate funding were available. . . .
>
> Should the Department develop a plan for informing the public about energy efficiency programs, we would utilize radio and print ads, rather than television spots. Radio and print are the best media for providing the public with the more complex information inherent in energy efficient programs and products. This is because of the longer format of radio (60 seconds, as opposed to television's 30 seconds) and the staying power of printed information.[40]

As a condition of granting funding to DCA, we will require that all funding we award be used solely on energy efficiency messages. As we note in Section VII, the DCA has almost $50 million in other funding that it may spend as it deems appropriate. If at all possible, we would like DCA to include television ads encouraging viewers to invest in energy efficiency to save energy and money on future energy bills without sacrificing comfort. The foregoing DCA response indicate that it remains feasible to craft such messages in time for Summer 2002, when the *Flex Your Power* campaign will gear up for the year. As a further requirement for funding, we require DCA to consult with IOU energy efficiency program managers to coordinate the timing of statewide and IOU messages and programs. However, the DCA will have ultimate responsibility for program content as long as it acts consistently with this decision.

Because the DCA's *Flex Your Power* program is so well-known, we expect consumers will go to its website for energy efficiency information. Therefore, we expect the DCA to use a portion of its funding to update its website to reflect this

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[40] Attachment 3 at 1.

Commission's statewide and local energy efficiency programs. The website should contain a user-friendly guide to those programs, with links to program providers. The DCA will be responsible to gather this data, using contact information furnished by the Commission's Energy Division, as further described in Section VII.

Finally, because we prefer to use the statewide marketing and outreach budget to fund more than one project, we will award the DCA $8.057 million of the total $10.057 million available in this category.

The Univision proposal targets the Spanish-speaking population that makes up one-third of California residents. Univision proposes to develop a series of vignettes to air on television during a 3-month period and to promote the energy efficiency message at community events and celebrations in each of eleven markets. We will fund this program at $2.0 million. On January 28, 2002, the Commission's Energy Division sent Univision a data request seeking additional information on Univision's ability to present energy efficiency messages. Univision's January 28, 2002 response indicated such messages were feasible.[41]

As a condition of funding, Univision shall deliver an energy efficiency message, rather than one focused on conservation. Univision proposes to disseminate information on CARE and low-income weatherization. We support leveraging dollars in this manner, so long as the majority of Univision's content focuses on energy efficiency. As a further requirement for funding, we direct

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[41] The data request and response appear as Attachments 4 and 5 to this decision, respectively.

Univision to consult with IOU energy efficiency program managers to coordinate timing of statewide and IOU messages and programs.

We direct Edison to contract with the DCA and Univision in connection with these proposals, and to include language in the contracts designed to ensure that the funding is only used on energy efficiency messages as we describe them above and in the Energy Efficiency Policy Manual.[42] Program payment will depend on DCA's and Univision's compliance with the contractual requirements, which in turn shall address the concerns we express here. The other IOUs shall transfer allocated PGC funds for statewide marketing and outreach to Edison so that it may compensate DCA and Univision. In all cases, the Commission will retain all ownership interest in all content developed with the funding it awards here.

In summary, we fund the following programs in the statewide marketing and outreach category:

	Funding Source				
Statewide Marketing and Outreach	PG&E	Edison	SDG&E	SoCalGas	**Total Budget**
Department of Consumer Affairs	$3,483,329	$2,683,797	$1,099,155	$790,719	$8,057,000
Univision Television Group	$864,671	$666,203	$272,845	$196,281	$2,000,000
Total	**4,348,000**	**3,350,000**	**1,372,000**	**987,000**	**10,057,000**

2. Education and Training Programs

We did not include education and training programs in our list of examples of statewide programs in D.01-11-066. Rather, we stated in our discussion of local programs that we would "continue to support education,

[42] *See Energy Efficiency Policy Manual* at 41.

training/capability-building, and outreach efforts in local communities across the state."

Nonetheless, we believe statewide education and training programs have value for California consumers and will fund them as part of the statewide cross-cutting programs. These programs involve the education and training of contractors, architects and designers, residential developers and builders, manufacturers, commercial users, environmental organizations, agricultural users, and others on means to improve energy efficiency.

The IOUs, except for SDG&E, offer most of their education and training programs at "energy centers." Each of the IOUs also described plans to extend their programs to reach more participants and offer services to hard-to-reach customers. Some programs will be taken "on-the-road," offered through partnership with other agencies, offered in languages besides English, or through targeted association meetings. In its Program Implementation Plan, each IOU shall set forth appropriate performance measures to gauge their success in serving hard-to-reach customers as mentioned in their proposals.

We approve the following program details:

Education and Training	Program Budget*	EM&V Budget	Total Budget
PG&E	$1,069,000	$137,000	$1,206,000
SCE	$3,813,000	$104,000	$3,917,000
SCG	$1,374,000	$31,000	$1,405,000
SDGE	$1,100,000	$43,000	$1,143,000
Total	**7,356,000**	**315,000**	**7,671,000**

* SoCalGas proposes funding $300,000 of their education and training program from local funding. PG&E's and SCE's proposed program budgets were reduced to increase funding for Codes & Standards Advocacy program.

3. Codes and Standards Advocacy

In the area of codes and standards advocacy, we are faced with something of an anomaly. The IOUs propose to spend less money on programs than either this Commission or the CEC believe is needed. According to the CEC, which filed comments on this aspect of the IOUs' proposals, the IOUs' efforts have been very useful in its development of codes and standards.[43] Because improvement in building codes and standards can have a profound effect on energy savings, the CEC urges the Commission to fund these programs at past levels.

The CEC explains that it is in the midst of a proceeding aiming to implement Assembly Bill 970[44] by adopting new standards effective in 2005. The CEC expects to adopt the new standards in 2003. The CEC also is implementing provisions of AB 549,[45] relating to existing buildings. The CEC is looking to expand building energy efficiency standards requirements for alterations and renovations.

The CEC states that utility advocacy in this area is central to the success of its current codes and standards efforts. The CEC requests that the Commission fund the IOUs' codes and standards advocacy work at $2.2 million for 2002, and that PG&E receive $1.4 million for this work, an amount equal to its 2001 expenditure.

We agree with the CEC that building codes and standards upgrades produce notable energy savings, and share the desire that improvement continue in this area. Indeed, the last time the codes and standards were upgraded, the energy savings were significant. According to CEC, "savings of approximately

[43] These codes and standards appear in the Building Energy Efficiency Standards, California Code of Regulations, title 24, part 6, and the Appliance Energy Efficiency Standards, title 20.

[44] Stats. 2000, Ch. 329.

[45] Stats. 2001, Ch. 905.

60 [megawatts (MW)] in the first year [are] attributable to utility Codes and Standards efforts [related to the CEC's implementation of the AB 970 Emergency Building Standards proceeding]."[46] By way of comparison, of the recently approved below 300MW power plants on the CEC website,[47] five of the nine listed plants had capacity below 60MW.

We are especially interested in seeing improvement in the area of energy efficiency standards for residential retrofits, where we believe most of the new savings will come. Therefore, we approve the IOUs' requests for codes and standards funding, but increase the funding amounts as follows:

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[46] CEC Comments at 3.

[47] The website appears at http://www.energy.ca.gov/sitingcases/approved.html#chart2.

Codes & Standards Advocacy	Program Budget*	EM&V Budget	Total Budget
PG&E	$818,000	$28,000	$846,000
SCE	$887,500	$21,000	$908,500
SCG	$150,000	$6,000	$156,000
SDGE	$100,000	$9,000	$109,000
Total	**1,955,500**	**64,000**	**2,019,500**

*PG&E's and SCE's proposed program budgets were increased by reallocating funds from Education and Training, and Upstream Residential Lighting programs.

PG&E and Edison should explain in their Program Implementation Plans how they will expand their Codes and Standards programs to meaningfully apply the extra funds.

4. Statewide Upstream Residential Lighting Program

Decision 01-11-066 emphasized continuing and even expanding upstream lighting programs in 2002. The utilities propose to broaden availability of *Energy Star*® qualified lighting products to include lighting fixtures, ceiling fans and other lighting measures in more stores and outlets. Retailers or manufacturers will receive financial incentives that will be passed on to the customer. Incentives will flow to customers either directly in the form of a point-of-purchase rebate, or through an incentive to the manufacturer so that product will be available at a discounted price.

The utilities have indicated that they will target the hard-to-reach through the "addition of non-traditional delivery channels" such as grocery stores, drug stores, and outlets in remote locations. The IOUs should develop specific performance goals in their Program Implementation Plans for increasing the quantity of product provided to these types of delivery channels. These goals should also measure whether the program is affording hard-to-reach customers better access to *Energy Star®* lighting products.

We will adjust the kWh savings so that the goals are proportional to the CFL units used in the TRC workpapers, using SDG&E as the base. In addition, we will require that at least 15% of the rebate budget be reserved for customers in rural areas, in order to enhance service to hard-to-reach customers. In addition, we will require that 10% of the rebate funds also be reserved for redemption through purchases from new delivery channels of grocery and drug stores.

In summary, we will fund the cross-cutting lighting programs as follows:

Upstream Residential Lighting	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Program Budget*	EM&V Budget**	Total Budget
PG&E	226,000,000	16,156	$5,803,000	$185,000	$5,988,000
SCE	45,000,000	4,170	$1,999,500	$140,000	$2,139,500
SDGE	22,500,000	3,120	$1,543,000	$58,000	$1,601,000
Total	**293,500,000**	**23,446**	**$9,345,500**	**$383,000**	**$9,728,500**

* PG&E's and SCE's program budgets reduced to increase funding for Codes & Standards Advocacy program.
** SoCalGas will contribute $42,000 to the EM&V activities associated with this program.

V. Statewide Market Assessment and Evaluation Activities

We will address Statewide Market Assessment and Evaluation activities in an upcoming Commission Decision. We need additional time to evaluate our options in this regard.

VI. Other Issues

A. Program Implementation Plans

We expect each IOU whose programs we have chosen, as well as the DCA and Univision, to file and serve Program Implementation Plans (Plans) no more than 60 days after the Commission approves this decision. Each party shall also post their Plans on their websites in a prominent and easy-to-find location.

Edison, the IOU chosen to administer the DCA and Univision programs, shall oversee the filing and service of these entities' Plans. Each Plan shall contain the following information for each program funded (IOUs shall submit one document containing separate Plans for each individual program):

- Title of individual program
- Plans to implement this decision's changes to original proposals
- Revised energy and peak demand savings targets, as well as per-unit energy savings and unit-count projections, as applicable
- Revised cost-effectiveness calculations, as applicable
- For information-only programs with no energy savings targets, other objective measures for evaluating program progress
- Hard-to-reach targets and goals. Where this decision does not specify such targets and goals, the program implementer should define them in its Plan. Where this decision specifies such targets, they should appear in the Plan
- Budget (in the format and following the guidelines set forth in the following section and in Attachment 6 to this decision.)

The Commission will monitor and evaluate the statewide programs using the Plans as a benchmark. No party shall delay program preparations or commencement while preparing or after submission of the Program Implementation Plans.

B. Budgets

The Energy Efficiency Policy Manual required program proposers to submit budgets according the following guidelines:

> Any program proposal submitted for Commission consideration should include an itemized budget including the following elements . . . , as applicable:
>
> <u>Administrative Costs</u>
>
> - Labor
> - Benefits

- Overhead
- Travel Costs
- Reporting Costs
- Materials and Handling
- General and Administrative costs
- Subcontractor costs
- IOU Administrative Fee (only for non-IOU programs)

Marketing, Advertising, and Outreach Costs

- Itemized (*e.g.*, 6 brochures, 1000 copies @ $10 each)

Direct Implementation Costs

- Itemized financial incentives (*e.g.*, 100 water heaters @ $75 each)
- Itemized installation costs (*e.g.*, 100 14 SEER Central AC units @$2000 each, installed)
- Itemized activity costs (*e.g.*, 100 walk-through audits @ $500 each)

Evaluation, Measurement and Verification Costs

- Itemized, including subcontractor costs

Other Costs

- Financing costs
- Other

The manual also contained a sample budget format.

While the budget information the IOUs, DCA and Univision provided allows us to approve those programs provisionally, we will require that the IOUs and others submit new budgets as part of their Program Implementation Plans before we authorize the first payments. These parties shall follow the budget format found in Attachment 6 to this decision, entitled "Budget Format for Implementation Plan."

We seek budgets with a higher degree of detail than those already provided. Many of the budgets submitted, both by the IOUs and other proposers, did not provide the level of itemization that was called for by the Policy Manual, especially in the area of subcontractor costs. In addition to providing itemization where it is required, we need explanatory material either within the budget table or in footnotes. For instance, formulas for allocating costs to overhead should be explained. If a party uses historical or experiential information to allocate certain costs, it should explain the basis for its allocation. These parties should explain their budgets in straightforward and easily understood language.

So that each budget category reflects comparable information, we will require that program implementers allocate costs in the same manner. Although the "Program Cost Definitions" that the IOUs provided with their statewide proposals were similar, they were not identical; rather, the IOUs and others apportioned like costs under different categories. The IOUs, DCA, and Univision shall meet and confer, and within 60 days of the Commission approval of this decision, file and serve a uniform plan for the allocation of costs within categories, which should be also reflected in their Program Implementation Plans.

Finally, some IOUs noted that certain program costs will be paid by sources other than public purpose funds. Where this is the case, the IOU shall include the costs it expects to recover from another source as a line item so that each budget is comparable.

C. Hard-to-Reach Program Issues

As we note several times in this decision, the IOUs' proposals often fail to include specific targets for hard-to-reach market sectors. We have adjusted their proposals where possible to include such targets, and will require the IOUs to make reasonable attempts to adhere to them. The IOUs should begin this compliance process by submitting the Program Implementation Plans described in Section VI(A) of this decision.

Because we are attempting to use scarce energy efficiency dollars to reach new sectors of the California economy, we will be especially vigilant with the final 15% payment in the area of hard-to-reach consumers. However, no provider will face an all-or-nothing risk with its 15% payment. Rather, amounts at risk will be proportional to the extent to which the providers meet their goals, and all cases will be tested by a reasonableness standard, as further explained in Section VII below. Moreover, IOUs, DCA and Univision will receive 100% of funding during the program period, subject to refund once the Commission evaluates program performance. In this way, programs can continue uninterrupted during the entire program period.

D. Information and Training Programs—Accountability

In connection with marketing and outreach programs – and other, primarily local programs that will focus on providing information and training rather than delivering specified energy savings – D.01-11-066 did not provide for a 15% holdback at the end of the contract term. Rather, we will ensure that such programs achieve the desired results by scrutinizing their quarterly reports. If the final quarterly reports do not demonstrate project success, the final quarterly payment may be subject to refund if the lack of success is due to the provider's failure to take reasonable steps to meet its program goals. We discuss this issue more fully in Section VII below.

We acknowledge that this approach is in some ways stricter than the approach we take with programs that deliver targeted energy savings. We have taken this approach intentionally, because of the potential for information and training programs to be low on substance and high on expense if we do not impose a measure of accountability.

E. Utility Shareholder Incentive Payments

In the past, the IOUs have received shareholder incentives for delivering the energy savings they promise in their annual programs. These incentives are profit for the IOUs' shareholders. In this regard, we stated in the Energy Efficiency Policy Manual that:

> In the past, the Commission has offered shareholder incentives to large IOUs for successful program delivery, in lieu of a profit margin. *The Commission will no longer make a special provision for shareholder earnings.* Both utility and non-utility entities are free to propose program budgets they feel are necessary for their organizations to complete the program delivery successfully.[48]

We assume, based on this statement, that the IOUs and non-utilities have proposed program budgets they feel are necessary to program success. We will not authorize additional incentives to the IOUs or to third parties in connection with their statewide programs. We have subtracted the 7% incentive PG&E and Edison included in their budgets. Because SDG&E and SoCalGas did not include these incentives in their proposals, but rather deferred consideration of profit for energy efficiency programs to their next General Rate Case, we need not adjust these IOUs' budgets.

We will require PG&E and Edison to recalculate their budgets to reallocate the 7% incentive amounts included with each program to *direct* program implementation costs. These amounts should not disappear into the administrative or overhead categories. Rather, the IOUs should ensure that they devote such amounts to direct program benefits such as rebates.

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[48] *Energy Efficiency Policy Manual* at 28 (*emphasis added).*

F. Shifting of Funds

We will not allow the IOUs to shift program funds across program categories except as set forth in this section. Within the following categories, the IOUs may shift no more than 10% of one program's funds into another program in the same category. The IOU may only make the shift if and when it appears that, after substantial efforts, the IOU will be unable to use the program funding for the intended purpose.

Categories:

- Statewide Residential Retrofit
- Statewide Residential New Construction
- Statewide Nonresidential Retrofit
- Statewide Nonresidential New Construction
- Statewide Cross-Cutting (except Codes and Standards Advocacy)

The IOUs shall prominently disclose any such program fund shifting in their quarterly reports. If the IOUs discover that they cannot adhere to this limitation, they may make a motion to the assigned ALJ, to whom we delegate authority to alter the 10% limitation where proven necessary for program success or to avoid program failure.

VII. Comments on Draft Decision

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on March 11, 2002, and reply comments were filed on March 15, 2002. We have made minor program changes throughout the decision in response to specific concerns raised. With regard to the more general issues, we have made the changes reflected below.

A. Shareholder Incentives

The IOUs claim the draft decision errs in eliminating shareholder incentives for energy efficiency programs. We have altered the language of the draft decision on this issue, but maintain the general conclusion that the IOUs will not recover shareholder incentives for 2002 programs. We already reached this conclusion in D.01-11-066, as TURN and ORA note in their comments on the draft alternate decision circulated in this proceeding:

> The policy manual language was unambiguous: "The Commission will no longer make a special provision for shareholder earnings." [Page 28 of Attachment 1 (Energy Efficiency Policy Manual) of the Final Interim Opinion, D.01-11-066.]

The IOUs' challenge is not timely. Nor do we agree with their substantive argument that studies from the early 1990s documenting the need for incentives dictate the outcome in this case. Indeed, as Judge Walwyn recently ruled in the Annual Earnings Assessment Proceeding, examining IOU shareholder earnings claims for the later 1990s, there may even be a need to re-examine incentives in past years.[49]

SDG&E contends that the Commission cannot eliminate incentives on a going forward basis, for newly authorized programs, without conducting hearings pursuant to Pub. Util. Code § 1708. No past decision is changed here. Our past decisions all have carefully specified that any incentive program is experimental, and incentives may be changed or eliminated at any time in the future. *See, e.g.,* D.93-09-078, 51 CPUC2d 371, 386-87) (1993) ("Future events may . . . necessitate a reevaluation of shareholder incentives as a regulatory tool . . . .

[49] Administrative Law Judge's Ruling issued March 13, 2002, in connection with A.01-05-003.

We will need to reassess today's decision as changed circumstances warrant.") All we do here is implement those past decisions.

PG&E contends that federal law prohibits the Commission from eliminating shareholder incentives, quoting the Energy Policy Act of 1992, § 111(d)(8). Section 111(a) of that Act, however, makes compliance with § (d)(8) optional, providing: "Nothing in this subsection prohibits any State regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard [*e.g.*, section (d)(8)], pursuant to its authority under otherwise applicable State law." Accordingly, we find PG&E's arguments without merit.

B. 15%/Final Quarterly Payment "Holdback"

We retain the draft decision's payment framework, with modification. As explained in the draft decision, it was D.01-11-066 that created the 15% holdback for programs promising energy savings and stressed the importance of quarterly reports to receipt of funding for information/training programs. Thus, once again, the criticisms of the holdback provisions are untimely.

Moreover, it would be irresponsible for the Commission to allow program providers to recover 100% of program funding without any evaluation of program effectiveness. Many parties complained when we first set up the framework for energy efficiency programs in D.01-11-066 that we were not ensuring enough accountability for program funds. It was not reasonable for potential funding recipients to assume they would receive an entire year's funding without any evaluation of whether they met program goals.

By the same token, it is important to give program providers some certainty about what is expected of them. Therefore, if providers incur reasonable expenditures during the program year, within the budget we are allotting to each of them, they can be assured of recovering them. What is reasonable will depend on the particular program and expenditure, but will be judged on an objective basis. Moreover, any deduction from the 15% final program payment will be proportional to the provider's unreasonable failure to meet targets.

Where the draft decision specifies precise percentage holdbacks related to hard-to-reach targets or other program goals, those holdbacks will occur where the failure to meet goals is unreasonable, and will be proportional to such failure.[50] If, on the other hand, the provider takes reasonable steps to meet goals, but nonetheless fails to do so, the Commission will not hold back the specified funding amount.

To minimize program disruption at the time providers reach 75% (for information programs) or 85% (for energy savings programs) of spending, the IOUs, DCA, and Univision will receive all program payments as they come due including the 15% holdback amount or the final quarterly payment, subject to refund if program evaluation finds program results unreasonably miss targets or expenditures are unreasonably high.

C. Program Implementation Plans

Several parties request that we give them more than 15 days to file Program Implementation Plans[51] and clarify what purpose they will serve. We

[50] For example, the draft decision requires that at least 50% of the Home Energy Efficiency Survey (HEES) be sent to hard-to-reach customers. It also requires that 20% of all Residential New Construction funds be reserved for Single Family and Multi Family units constructed for hard-to-reach customers.

[51] For example, SDG&E/SoCalGas propose to file the Plans with their first quarterly reports.

will change the filing deadline to 60 days from the effective date of this decision. The Plans are essential because we are approving different program details from those reflected in the IOUs' and third parties' proposals. Only the Plans will reflect the providers' revised program details, so they are essential.

However, no party shall delay program implementation or startup efforts to await preparation of or Commission action on the Plans. The 60-day period is also to be used to launch (or prepare to launch) programs this decision approves.

D. Marketing and Outreach Programs

DCA and PG&E object to certain rules we have put in place with regard to the *Flex Your Power* funding. Neither wants PG&E to administer the DCA contract. However, it is our current plan for the IOUs to oversee day-to-day administration of all third party contracts, whether the funding recipient is a government agency or a private business. Because DCA has worked closely with Edison in the past and PG&E objects to its own selection, we will change the IOU in this case to Edison. We do the same for Univision.

Despite this choice, Commission staff will remain involved in the PGC-funded portion of the *Flex Your Power* campaign. If issues arise, either the IOU or DCA is free to contact the Energy Division for guidance. We agree with DCA, however, that ultimate responsibility for the content of its message lies with DCA and not Edison, although that content must reflect the requirements of this decision and the input of Edison and the Energy Division.

We cannot grant DCA the entire year's funding up-front, but the DCA is eligible to request advance disbursements from Edison if it can document essential program expenditures before a quarterly payment is due. That is, if an essential *Flex Your Power* advertisement or campaign will not occur unless funds are released early, an advance may be allowed, provided DCA and Edison give five days advance notice to the Commission's Energy Division of such plan.

We are not prepared to change the requirement that the PGC-funded portions of the *Flex Your Power* campaign should be limited to an energy efficiency message. The Commission wholeheartedly supports conservation and applauds the DCA and all Californians for their exceptional conservation efforts in the last year. By the same token, we believe that as public perception of an "energy crisis" recedes, the need for permanent changes through energy efficiency installation grows. As shown in Attachment 3, the *Flex Your Power* campaign has received $48.7 million from other sources for its 2002 campaign, so it will have ample funding for its conservation message.

As for information about other local and statewide programs, we will require DCA to obtain information from program providers to place on the DCA website. The Commission's Energy Division will furnish DCA contact information. The DCA shall make two attempts to obtain such information from program providers during the year. It shall update information as program providers furnish such updates to the DCA.

SDG&E and SoCalGas also express concern that the Univision program we select, while meritorious, targets low-income consumers, and therefore should be funded with Low Income Energy Efficiency (LIEE) funds. Taken to its logical conclusion, SDG&E's argument would mean we could fund no Spanish-language outreach in this proceeding, a result we would not support. Because Univision proposes a mass media approach, it will reach Spanish speakers regardless of income, and this is a legitimate expenditure of non-LIEE PGC funds.

E. ORA's Role

In the draft decision, we asked ORA to assist the Commission in performing due diligence related to the funded programs. ORA has played this role successfully in the past, and we wish its past efforts to continue. We will inform ORA, by ruling or other publicly noticed method, when and how we desire its input, but it should also feel free to give input as quarterly reports are filed.

F. Local Programs

Each IOU requests that we select and fund their local programs at this time. We have decided that it makes most sense to compare IOU local programs side-by-side with third party local programs. In this way, we can avoid program duplication and fund a portfolio that most effectively serves local communities. To avoid service disruption, we extend certain local program funding for another two months, to May 31, 2002, as reflected in Attachment 8 to this decision. We expect to have a final decision on the new local program proposals by that time.

G. Other Comments

To the extent this decision does not request additional changes requested by the parties, it is because we have considered and rejected such changes.

Findings of Fact

1. Throughout their proposals, the IOUs offer inconsistent program details.

2. Throughout their proposals, the IOUs offer inadequate specificity on how they will serve hard-to-reach customers.

3. For purposes of this decision, hard-to-reach customers are those who do not have easy access to program information or generally do not participate in energy efficiency programs due to language, income, housing type, geographic, or home ownership (split incentives) barriers. These barriers are defined as

(1) Language—primary language spoken is other than English, and/or (2) Income—those customers who fall into the moderate income level (income levels less than 400% of federal poverty guideline), and/or (3) Housing type—multi-family and mobile home tenants, and/or (4) Geographic—residents of areas other than the San Francisco Bay Area, San Diego, area, Los Angeles Basin or Sacramento, and/or (5) Homeownership—renters.

4. The IOUs propose to recycle too few appliances for too much money in their residential appliance recycling proposals.

5. In connection with the Commission's administration of SBX1 5, approximately 80,000 appliances will be recycled at a cost of approximately $15 million.

6. If one IOU administers appliance recycling programs statewide, administrative expenses will be reduced.

7. Edison administered appliance recycling programs for itself, SDG&E and PG&E in connection with the 2000 Summer Initiative and should continue to do so for 2002.

8. PG&E's budget for single-family unit rebates for energy efficient equipment is higher on a unit-cost basis than that of the other IOUs.

9. A distinct multi-family residential new construction program can better target builders of multi-family buildings than one that is combined with a single-family program.

10. D.01-11-066 de-emphasized first generation lighting retrofits in favor of more robust energy efficiency programs.

11. First Generation T-8 Lighting refers to the 700 Series lighting with color rendering index (CRI) > 70. Second Generation T-8 Lighting includes Premium T-8 Lamps with electronic ballasts, replacing existing T-12 lamps and magnetic ballasts. "Premium" means minimum rated life (at 3 hour start rating) of 24,000

hours with rapid-start ballasts or 18,000 hours with instant-start ballasts. Lamps must have a CRI > 85. Third Generation T-8 Lighting includes Premium T-8 plus the following characteristics: Lamps - initial (catalog) lumen output > 3100; ballasts - ballast factor < 0.77.

12. There is a free ridership problem in the area of first generation lighting retrofits in certain market sectors, including the large nonresidential customer sector.

13. Allowing consumers to reserve Express Efficiency rebates affords such customers needed certainty when making the decision to perform energy efficiency retrofits.

14. A whole-building approach to energy efficiency retrofits incorporates energy efficiency concepts into the design of an entire construction project, rather than encouraging the installation of a pre-determined menu of energy efficiency measures.

15. Codes and standards upgrades have in the past produced significant energy savings.

16. The marketing and outreach proposals submitted by the ADM, Global, CHEERS, Heath, Geothermal, and SBW do not fit into the category of statewide marketing and outreach programs because they target narrow audiences and do not target individual consumers with mass-market advertising.

17. Of the proposals that fit into the category of statewide marketing and outreach programs, the DCA and Univision statewide marketing and outreach proposals received the highest scores.

18. The IOUs included their marketing and outreach plans in connection with individual programs, and did not justify why they need separate funding in the statewide marketing and outreach category.

19. Information and training programs present special challenges when it comes to determining whether they are effective.

20. Past utility incentives for energy efficiency programs have allowed IOU shareholders to collect profits for IOU energy efficiency efforts.

21. Fulfillment of the Commission's energy efficiency program design requires that the IOUs spend allotted funding on selected programs. Excessive fund shifting will upset this careful balance.

Conclusions of Law

1. The Commission has the discretion to modify the IOUs' proposals.

2. Under D.01-11-066, energy efficiency program dollars may not be spent on load-shifting programs that rely only on temporary or impermanent behavioral change.

3. The IOUs should not be awarded statewide marketing and outreach funding beyond the funding already included for marketing and outreach purposes in their individual program budgets.

4. Providers of information and training programs should not receive their final quarterly payments unless the Commission "accepts" their final quarterly reports. "Acceptance" requires that the Commission or its representative indicate that it is satisfied that the provider has met program goals.

5. Providers will be eligible to recover reasonable program expenditures (within the allotted budget) during the funding cycle, subject to refund after a reasonableness review.

6. Utility incentives are not necessary to ensure delivery of successful energy efficiency programs.

7. The Commission's decision to eliminate IOU incentives does not violate the Federal Energy Policy Act.

8. The Commission was not required to hold a hearing before changing the utility incentive structure.

INTERIM ORDER

IT IS ORDERED that:

1. We approve the statewide energy efficiency programs for 2002 as set forth in Attachment 1 to this decision. Those programs apply to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). Those investor-owned utilities (IOU) and third parties chosen to receive funding shall be eligible for no more than the amounts awarded. Program payments shall be contingent on reasonable program performance.

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

- Title of individual program
- Plans to implement this decision's changes to original proposals
- Revised energy and peak demand savings targets, as well as per-unit energy savings and unit-count projections, as applicable
- Revised cost-effectiveness calculations, as applicable
- For information-only proposals with no energy savings targets, other objective measures for evaluating program progress
- Hard-to-reach targets and goals. Where this decision does not specify such targets and goals, the program implementer should define them in its Plan. Where this decision specifies such targets and goals, they should be included in the Plan.
- Budget (in the format and following the guidelines set forth in the body of this decision).

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

3. Where third parties receive funding, Edison, the IOU administering the third party contracts, shall see to it that the funded party files and serves the required Program Implementation Plan. The third party will not be eligible to receive any funding without making such submission.

4. Edison shall execute third-party contracts with DCA and Univision, respectively, within 30 days of the effective date of this decision. DCA and Univision shall not receive program payments if they are not in compliance with their IOU contracts. If the parties cannot agree on contract language, they shall immediately contact the assigned Administrative Law Judge to seek a resolution.

5. At least 50% of the mailed statewide residential Home Energy Efficiency Surveys shall be sent to hard-to-reach customers. The IOUs shall develop and make available a Spanish-language version of the survey, and a version in the most prevalent Asian language in the IOU's territory, for both mailing and web-posting within two months of the launch of their survey programs.

6. To ensure that Public Goods Charge (PGC) funds are devoted to hard-to-reach customers served by the statewide residential new construction program, 20% of the direct implementation funds allocated to this program shall be reserved for units constructed for hard-to-reach customers as defined in this decision and in D.01-11-066.

7. At least 15% of the statewide Upstream Residential Lighting Program rebate dollars shall be reserved for rural areas, in order to enhance service to hard-to-reach customers.

8. The IOUs shall develop two separate budgets and program plans for single-family and multi-family residential new construction programs in their Program Implementation Plans. Edison and SDG&E shall include benchmarks

for multi-family units with their Plans; PG&E and SoCalGas have already done so and need not do so in their Plans. At least 15% of all claimed installations of energy efficiency measures shall be verified with an inspection by a CHEERS or HERS-certified inspector.

9. The IOUs shall cooperate with third parties in carrying out nonresidential Standard Performance Contract (SPC) programs approved in this decision.

10. At least seventy percent (70%) of the IOUs' nonresidential SPC funds shall be reserved for non-lighting retrofits.

11. Large nonresidential customers carrying out first generation energy efficient lighting retrofits shall not receive financial incentives from PGC funds.

12. The IOUs shall make available a rebate reservation system in connection with their Express Efficiency programs.

13. The IOUs shall jointly develop standard nonresidential building operator certification and training curricula, testing and other certification standards, in consultation with the Energy Division. The IOUs should develop the standard training curricula, testing and other certification standards and submit them for the Commission's or assigned Commissioner's approval no later than 30 days after issuance of this decision. The IOUs should be able to roll out their programs within 30 days after the Commission or the assigned Commissioner approves these standards. The Commission will retain ownership of the curricula and other aspects of the training programs the IOUs develop in connection with Building Operator Certification and Training Programs.

14. The IOUs shall reserve 50% of their Savings by Design direct implementation funds for projects that use a whole-building approach.

15. Edison shall contract with the Department of Consumer Affairs (DCA) and PG&E shall contract with Univision Television Group (Univision) to carry out the statewide marketing and outreach programs we approve in this decision.

The contracts shall ensure that third parties do not use PGC funding for conservation and/or load-shifting messages that rely only on temporary or impermanent behavioral change. Edison and PG&E shall not make payments to the DCA and/or Univision unless this requirement is met. DCA and Univision will have ultimate responsibility for advertising content as long as it is consistent with this decision.

16. DCA and Univision shall consult with IOU energy efficiency program managers to coordinate the timing of statewide and IOU messages and programs. The DCA shall use a portion of its funding to update its website to include information on all Commission-funded statewide and local energy efficiency programs. DCA shall be responsible to secure this information at least twice during the program year and to update its web information as it receives updates from program providers.

17. The IOUs shall work together to market their statewide programs. To the extent the IOUs offer the same programs, they shall advertise them together. The IOUs shall keep the Energy Division informed in their Program Implementation Plans and quarterly reports of what they are doing or will do to further this collaborative goal. They shall focus all PGC-funded marketing for programs in this decision on energy efficiency messages.

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

Program providers, including third parties, shall prominently post all quarterly reports on their respective websites.

19. All program providers shall submit claims, supported by detailed documentation, for the final 15% of funding for programs with energy savings targets. These providers shall be required to refund their 15% payments, or a portion thereof, if the Commission, assigned Commissioner or ALJ determines that the provider has unreasonably failed to meet program goals. The 15% payment is also contingent on other specific requirements identified in the decision. Program providers shall prominently post their 15% claims, and all quarterly reports, on their respective websites.

20. In addition to the requirements set forth in Decision 01-11-066 and the Energy Efficiency Policy Manual, the IOUs receiving funding for Emerging Technology programs shall state in their quarterly reports how PGC energy efficiency funding is helping to move new energy efficiency technologies to market.

21. The IOUs shall better identify hard-to-reach targets in their Program Implementation Plans. They also shall comply with the hard-to-reach requirements we impose in this decision as set forth in Ordering Paragraphs 5, 6 and 7 above. A portion of the final 15% of program funding will be contingent on meeting these hard-to-reach targets. In the case of information and training programs, all or a part of the final quarterly payments will be subject to refund for unreasonable failure to meet such targets, proportionately to such failure.

22. The IOUs shall not receive shareholder incentives in connection with their 2002 energy efficiency programs approved in this decision. They shall reallocate such incentives to direct program implementation costs.

23. We will not allow the IOUs to shift program funds across program categories except as set forth in this Ordering Paragraph. Within the following

categories, the IOUs may shift no more than 10% of one program's funds into another program in the same category. The IOU may only make the shift if and when it appears that after substantial efforts the IOU will be unable to use the program funding for the intended purpose.

Categories:

- Statewide Residential Retrofit
- Statewide Residential New Construction
- Statewide Nonresidential Retrofit
- Statewide Nonresidential New Construction
- Statewide Cross-Cutting (except Codes and Standards Advocacy)

The IOUs shall prominently disclose any such program fund shifting in their quarterly reports. They may make a motion to the assigned ALJ, to whom we delegate authority to alter the 10% limitation, where proven necessary for program success or to avoid program failure.

24. In all cases, consistent with D.01-11-066, the Commission retains the right to withdraw, withhold or require refund of program funds in the event of complete or partial program failure, malfeasance and/or bankruptcy.

25. To avoid service disruption, we extend current program funding for local programs for another two months, to May 31, 2002, at the following levels:

Utility	Authorized funding
PG&E	$1,195,920
SCE	$905,300
SDG&E	$377,190
SCG	$271,590
Total	$2,750,000

This order is effective today.

Dated March 21, 2002, at San Francisco, California.

LORETTA M. LYNCH
President
CARL W. WOOD
GEOFFREY F. BROWN
MICHAEL R. PEEVEY
Commissioners

I dissent.

/s/ HENRY M. DUQUE
Commissioner

I will file a concurrence.

/s/ CARL W. WOOD
Commissioner

ATTACHMENT 1: PROGRAM BUDGETS AND ENERGY SAVINGS TARGETS

Table 1. Authorized Program Budgets and Funding Sources*

Statewide Programs	PG&E	SCE	SDG&E	SoCalGas	Total
Residential Retrofit Programs					
Appliance Recycling	$1,680,000	$4,000,000	$1,000,000		$6,680,000
Single Family Energy Efficiency Rebates	$12,816,000	$5,850,000	$3,197,000	$2,598,000	$24,461,000
Muti Family Energy Efficiency Rebates	$3,304,000	$2,000,000	$1,500,000	$1,500,000	$8,304,000
Home Energy Efficiency Surveys	$900,000	$900,000	$200,000	$150,000	$2,150,000
Residential Retrofit Sub-Total	*$18,700,000*	*$12,750,000*	*$5,897,000*	*$4,248,000*	*$41,595,000*
Residential New Construction Programs					
CA Energy Star New Homes Program	*$6,520,000*	*$4,000,000*	*$2,058,000*	*$1,484,000*	*$14,062,000*
Nonresidential Retrofit Programs					
Standard Performance Contract	$7,800,000	$9,650,000	$2,700,000		$20,150,000
Express Efficiency	$11,607,000	$6,000,000	$3,104,000	$2,433,000	$23,144,000
Nonresidential Energy Audit	$2,650,000	$1,400,000	$700,000	$2,400,000	$7,150,000
Building Operator Certification and Training	$258,000	$500,000	$150,000	$150,000	$1,058,000
Emerging Technologies	$300,000	$650,000	$80,000	$150,000	$1,180,000
Savings By Design - Retrofit & Remodelling		$700,000	$400,000		$1,100,000
Nonresidential Retrofit Sub-Total	*$22,615,000*	*$18,900,000*	*$7,134,000*	*$5,133,000*	*$53,782,000*
Nonresidential New Construction Programs					
Savings by Design - New Construction	*$8,700,000*	*$6,974,000*	*$2,743,000*	*$1,973,000*	*$20,390,000*
Statewide Crosscutting Programs					
Education and Training	$1,069,000	$3,813,000	$1,100,000	$1,374,000	$7,356,000
Savings by Design (Info and Educ./EDR)	$1,007,000				$1,007,000
Codes & Standards Advocacy	$818,000	$887,500	$100,000	$150,000	$1,955,500
Upstream Residential Lighting	$5,803,000	$1,999,500	$1,543,000		$9,345,500
Emerging Technologies				$450,000	$450,000
Statewide Crosscutting Sub-Total	*$8,697,000*	*$6,700,000*	*$2,743,000*	*$1,974,000*	*$20,114,000*
Statewide Marketing and Outreach					
Department of Consumer Affairs	$3,483,329	$2,683,797	$1,099,155	$790,719	$8,057,000
UnivisionTelevision Group	$864,671	$666,203	$272,845	$196,281	$2,000,000
Statewide Marketing Campaigns Sub-Total	*$4,348,000*	*$3,350,000*	*$1,372,000*	*$987,000*	*$10,057,000*
STATEWIDE PROGRAMS TOTAL	***$69,580,000***	***$52,674,000***	***$21,947,000***	***$15,799,000***	***$160,000,000***

* Excludes $10.5 million for statewide Market Assessment & Evaluation Studies shown in Table 2 of this attachment.

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

	PG&E					
	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget*	Total Budget
Residential Retrofit Programs						
Residential Appliance Recycling	20,620,800	3,168		$1,680,000	$141,000	$1,821,000
Single Family EE Rebates	16,767,505	18,910	1,426,372	$12,816,000	$269,000	$13,085,000
Multi Family EE Rebates	3,751,245	4,420	708,970	$3,304,000	$179,000	$3,483,000
Home Energy Efficiency Surveys				$900,000	$107,000	$1,007,000
Residential Retrofit Totals	*48,724,712*	*27,003*	*2,369,827*	*$18,700,000*	*$696,000*	*$19,396,000*
Residential New Construction Programs						
CA Energy Star New Homes Program	3,914,428	4,204	259,580	$6,520,000	$285,000	$6,805,000
Residential New Construction Totals	*3,914,428*	*4,204*	*259,580*	*$6,520,000*	*$285,000*	*$6,805,000*
Nonresidential Retrofit Programs						
Standard Perform. Contract	15,734,455	3,147	1,493,187	$7,800,000	$250,000	$8,050,000
Express Efficiency	155,382,003	29,288	8,761	$11,607,000	$320,000	$11,927,000
Energy Audit				$2,650,000	$228,000	$2,878,000
Building Operator Cert. and Training				$258,000	$35,000	$293,000
Emerging Technologies				$300,000	$43,000	$343,000
Nonresidential Retrofit Totals	*171,116,458*	*32,435*	*1,501,948*	*$22,615,000*	*$876,000*	*$23,491,000*
Nonresidential New Construction Programs						
Savings by Design - New Construction	35,000,000	14,800	300,000	$9,707,000	$339,000	$10,046,000
Nonresidential New Construction Totals	*35,000,000*	*14,800*	*300,000*	*$9,707,000*	*$339,000*	*$10,046,000*
Statewide Crosscutting Programs						
Education and Training				$1,069,000	$137,000	$1,206,000
Codes & Standards Advocacy				$818,000	$28,000	$846,000
Upstream Residential Lighting	322,000,000	50,000	0	$5,803,000	$185,000	$5,988,000
Statewide Crosscutting Total	*322,000,000*	*50,000*	*0*	*$7,690,000*	*$350,000*	*$8,040,000*
Total PG&E Statewide Programs	*580,755,598*	*128,442*	*4,431,355*	*$65,232,000*	*$2,546,000*	*$67,778,000*

* Excludes the budget for Additional Evaluation of Cross-cutting Programs as shown in Table 2, Attachment 1.

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

	Edison				
	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Program Budget	EM&V Budget*	Total Budget
Residential Retrofit Programs					
Residential Appliance Recycling	42,939,291	597	$4,000,000	$107,000	$4,107,000
Single Family EE Rebates	19,039,000	6,770	$5,850,000	$203,000	$6,053,000
Multi Family EE Rebates	8,850,000	1,090	$2,000,000	$136,000	$2,136,000
Home Energy Efficiency Surveys			$900,000	$81,000	$981,000
Residential Retrofit Totals	*70,828,291*	*8,457*	*$12,750,000*	*$527,000*	*$13,277,000*
Residential New Construction Programs					
CA Energy Star New Homes Program	3,156,000	3,390	$4,000,000	$216,000	$4,216,000
Residential New Construction Totals	*3,156,000*	*3,390*	*$4,000,000*	*$216,000*	*$4,216,000*
Nonresidential Retrofit Programs					
Standard Perform. Contract	41,719,000	8,620	$9,650,000	$189,000	$9,839,000
Express Efficiency	64,303,000	13,930	$6,000,000	$242,000	$6,242,000
Energy Audit			$1,400,000	$173,000	$1,573,000
Building Operator Cert. and Training			$500,000	$26,000	$526,000
Emerging Technologies			$650,000	$33,000	$683,000
Nonresidential Retrofit Totals	*106,022,000*	*22,250*	*$18,200,000*	*$663,000*	*$18,863,000*
Nonresidential New Construction Programs					
Savings by Design - New Construction	33,256,000	7,780	$7,674,000	$256,000	$7,930,000
Nonresidential New Construction Totals	*33,256,000*	*7,780*	*$7,674,000*	*$256,000*	*$7,930,000*
Statewide Crosscutting Programs					
Education and Training			$3,813,000	$104,000	$3,917,000
Codes & Standards Advocacy			$887,500	$21,000	$908,500
Upstream Residential Lighting	45,000,000	4,170	$1,999,500	$140,000	$2,139,500
Statewide Crosscutting Total	*45,000,000*	*4,170*	*$6,700,000*	*$265,000*	*$6,965,000*
Total Edison Statewide Programs	*258,262,291*	*46,347*	*$49,324,000*	*$1,927,000*	*$51,251,000*

* Excludes the budget for Additional Evaluation of Cross-cutting Programs as shown in Table 3a, Attachment 1.

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

	SDG&E					
	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget*	Total Budget
Residential Retrofit Programs						
Residential Appliance Recycling	12,243,600	1,881	0	$1,000,000	$45,000	$1,045,000
Single Family EE Rebates	8,466,000	6,460	336,893	$3,197,000	$85,000	$3,282,000
Multi Family EE Rebates	2,440,484	840	279,599	$1,500,000	$57,000	$1,557,000
Home Energy Efficiency Surveys				$200,000	$34,000	$234,000
Residential Retrofit Totals	*26,531,100*	*10,315*	*616,492*	*$5,897,000*	*$221,000*	*$6,118,000*
Residential New Construction Programs						
CA Energy Star New Homes Program	1,262,000	1,350	93,856	$2,058,000	$90,000	$2,148,000
Residential New Construction Totals	*1,262,000*	*1,350*	*93,856*	*$2,058,000*	*$90,000*	*$2,148,000*
Nonresidential Retrofit Programs						
Standard Perform. Contract	8,568,000	1,070	186,089	$2,700,000	$79,000	$2,779,000
Express Efficiency	47,452,000	9,040	607,310	$3,104,000	$101,000	$3,205,000
Energy Audit				$700,000	$72,000	$772,000
Building Operator Cert. and Training				$150,000	$11,000	$161,000
Emerging Technologies				$80,000	$14,000	$94,000
Nonresidential Retrofit Totals	*56,020,000*	*10,110*	*793,399*	*$6,734,000*	*$277,000*	*$7,011,000*
Nonresidential New Construction Programs						
Savings by Design - New Construction	10,832,000	2,090	141,784	$3,143,000	$107,000	$3,250,000
Nonresidential New Construction Totals	*10,832,000*	*2,090*	*141,784*	*$3,143,000*	*$107,000*	*$3,250,000*
Statewide Crosscutting Programs						
Education and Training				$1,100,000	$43,000	$1,143,000
Codes & Standards Advocacy				$100,000	$9,000	$109,000
Upstream Residential Lighting	36,400,000	5,300	0	$1,543,000	$58,000	$1,601,000
Statewide Crosscutting Total	*36,400,000*	*5,300*	*0*	*$2,743,000*	*$110,000*	*$2,853,000*
Total SDG&E Statewide Programs	*131,045,100*	*31,865*	*1,645,531*	*$20,575,000*	*$805,000*	*$21,380,000*

* Excludes the budget for Additional Evaluation of Cross-cutting Programs as shown in Table 3a, Attachment 1.

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

	SoCalGas					
	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (ths)	Program Budget	EM&V Budget*	Total Budget
Residential Retrofit Programs						
Residential Appliance Recycling					$32,000	$32,000
Single Family EE Rebates	2,586,000	1,380	925,000	$2,598,000	$61,000	$2,659,000
Multi Family EE Rebates	2,440,484	840	575,000	$1,500,000	$41,000	$1,541,000
Home Energy Efficiency Surveys				$150,000	$24,000	$174,000
Residential Retrofit Totals	*7,600,800*	*2,980*	*1,500,000*	*$4,248,000*	*$158,000*	*$4,406,000*
Residential New Construction Programs						
CA Energy Star New Homes Program	521,000	4,000	86,000	$1,484,000	$65,000	$1,549,000
Residential New Construction Totals	*521,000*	*4,000*	*86,000*	*$1,484,000*	*$65,000*	*$1,549,000*
Nonresidential Retrofit Programs						
Standard Perform. Contract					$57,000	$57,000
Express Efficiency	17,000	0	2,190,000	$2,433,000	$73,000	$2,506,000
Energy Audit				$2,400,000	$52,000	$2,452,000
Building Operator Cert. and Training				$150,000	$8,000	$158,000
Emerging Technologies				$600,000	$10,000	$610,000
Nonresidential Retrofit Totals	*17,000*	*0*	*2,190,000*	*$5,583,000*	*$200,000*	*$5,783,000*
Nonresidential New Construction Programs						
Savings by Design - New Construction	8,486,000	4,630	49,000	$1,973,000	$77,000	$2,050,000
Nonresidential New Construction Totals	*8,486,000*	*4,630*	*49,000*	*$1,973,000*	*$77,000*	*$2,050,000*
Statewide Crosscutting Programs						
Education and Training				$1,374,000	$31,000	$1,405,000
Codes & Standards Advocacy				$150,000	$6,000	$156,000
Upstream Residential Lighting	0	0	0		$42,000	$42,000
Statewide Crosscutting Total	*0*	*0*	*0*	*$1,524,000*	*$79,000*	*$1,603,000*
Total SoCalGas Statewide Programs	*16,624,800*	*11,610*	*3,825,000*	*$14,812,000*	*$579,000*	*$15,391,000*

* Excludes the budget for Additional Evaluation of Cross-cutting Programs as shown in Table 3a, Attachment 1.

(END OF ATTACHMENT 1)

ATTACHMENT 2: DATA REQUEST TO DCA

From: Drew, Tim
Sent: Friday, January 11, 2002 12:36 PM
To: 'kathleen_hamilton@dca.ca.gov'
Cc: Kollman, Eli W.
Subject: R0108028 Flex Your Power proposal information request

Dear Ms. Hamilton,

Please find the attached information request regarding the DCA proposal to fund Flex Your Power through the public goods charge. I thank you in advance for your response. If you have any questions please contact me at 415-703-5618 or Eli Kollman at 415-703-5649.

Sincerely,

Tim Drew

R0108028 DCA
data request.doc

Tim Drew
Policy Analyst - Energy Division
California Public Utilities Commission
(415) 703-5618
zap@cpuc.ca.gov

STATE OF CALIFORNIA GRAY DAVIS, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Friday, January 11, 2002

Kathleen Hamilton
Director
Department of Consumer Affairs
400 R Street, Suite 3000
Sacramento, CA 95814-6200

Re: R. 01-08-028 DCA Energy Efficiency Marketing and Outreach proposal for funding to continue the *Flex Your Power* statewide information campaign.

Dear Ms. Hamilton:

The Energy Division requires additional information to supplement the Department of Consumer Affairs' proposal for funding of energy efficiency marketing and outreach activities.

Please provide responses to the following questions by e-mail to zap@cpuc.ca.gov and ewk@cpuc.ca.gov no later than 5 PM Tuesday, January 15. If you or your staff require clarification please do not hesitate to call Tim Drew at (415)703-5618 or Eli Kollman at (415)703-5649.

Your prompt attention to this matter is appreciated.

Sincerely,

Tim Drew
Regulatory Analyst
Energy Division

Request 1
Please specify all funding for which the DCA has applied or is eligible for its 2002 *Flex Your Power* program (other than the $10,000,000 requested in your proposal filed with this Commission). Of that amount, please state the amount of funding already committed to the DCA by any source.

Request 2
Have *Flex Your Power* radio and television messages already been produced for 2002? If so, we would like to see written transcripts, audio recordings or video recordings. Electronic versions of transcripts are preferred in order to save time. Please send hard copies or recordings to:

Tim Drew
California Public Utilities Commission
Energy Division
505 Van Ness Avenue, Area 4A
San Francisco, CA 94102

Request 3
Can the *Flex Your Power* radio and television advertisements be tailored to stress California's 2002 statewide energy efficiency programs as well as, or in place of, basic conservation?

Request 4
Is the Department of Consumer Affairs open to working with a technical advisory committee, potentially composed of representatives from the CPUC, California Energy Commission and the four investor owned electric and gas utilities?

(END OF ATTACHMENT 2)

ATTACHMENT 3: DCA RESPONSE TO DATA REQUEST

From: Kollman, Eli W.
Sent: Tuesday, January 22, 2002 9:30 AM
To: Drew, Tim
Cc:
Subject: FW: R018028 Flex Your Power proposal information request

-----Original Message-----
From: Laurie_Ramirez@dca.ca.gov [mailto:Laurie_Ramirez@dca.ca.gov]
Sent: Tuesday, January 15, 2002 5:05 PM
To: ewk@cpuc.ca.gov
Subject: R018028 Flex Your Power proposal information request

Dear Mr. Kollman: Pursuant to your request please find additional information regarding the Department's proposal. If you require any further information, please do not hesitate to call me at 916/323-1455.

(See attached file: PUC supplement.doc)

PUC supplement.doc

Request 1
The Department of Consumer Affairs has not applied for any funding other than the Energy Efficiency Program Proposal filed with the Public Utilities Commission on December 15, 2001. The Department has received $47.7 million from the “Special Fund for Economic Uncertainties” and $1 million from the General Fund for a total of $48.7 for its 2002 Flex Your Power Campaign. Of this, $13.7 million is budgeted for the January/February 2002 winter advertising campaign; the balance of $35 million is targeted for the Summer of 2002. The 2001 Flex Your Power campaign had a total budget of $61.5 million. It is estimated that the current campaign will require approximately $65 million.

Request 2
The 2002 Flex Your Power campaign has produced, or is in the process of producing, 14 radio and television messages directed to General Market as well as Ethnic markets (Hispanic, Asian and African American). The Department has directed Grey Worldwide Advertising Agency to forward written transcripts for the winter campaign as well as VHS tapes.

Request 3
Future Flex Your Power radio and television messages could be developed to include information about statewide energy efficiency programs, in addition to basic conservation information, if adequate funding were available. The 2001 campaign did provide information on energy efficiency programs and products.

Should the Department develop a plan for informing the public about energy efficiency programs, we would utilize radio and print ads, rather than television spots. Radio and print are the best media for providing the public with the more complex information inherent in energy efficient programs and products. This is because of the longer format of radio (60 seconds, as opposed to television’s 30 seconds) and the staying power of printed information.

Request 4
The Department of Consumer Affairs is certainly open to working with a technical advisory committee potentially composed of representatives from the CPUC, the California Energy Commission and the four investor-owned electric and gas utilities.

The Department frequently worked with these entities throughout the 2001 Flex Your Power campaign. As you may know, weekly communications and energy policy meetings currently transpire in Sacramento and include the CPUC, the California Energy Commission, the Department of Consumer Affairs, and occasionally others. During the development and promotion of last year’s 20/20 utility rebate program, the Department of Consumer Affairs met regularly with representatives of the four investor-owned utilities. Additionally, when the Department introduced information this past fall on the installation of programmable thermostats, the utilities were consulted. And early in the 2001 campaign the Department sought out presentations from the utilities in order to be briefed on utility public education efforts. We would welcome the opportunity to continue that collaboration

(END OF ATTACHMENT 3)

ATTACHMENT 4: DATA REQUEST TO UNIVISION/STAPLES

Thomas, Sarah R.

From: Drew, Tim
Sent: Monday, January 28, 2002 11:49 AM
To: 'staples'
Cc: Otteson, Sheila M.
Subject: RE: R01-08-028 Univision Prop. for Statewide Marketing & Research

Mr. Staples:

The CPUC Energy Division has a few follow-up questions regarding the Univision Marketing and Outreach proposal. Please provide responses directly to me on or before 5 PM Thursday, Jan 31. Thanks in advance for your response.

Sincerely,

Tim Drew

(415)703-5618
zap@cpuc.ca.gov

1) Who will be providing technical advice to your group, and what is the process by which you will incorporate this advice into your advertising material?

2) Please revise your budget to show production costs and airtime costs. Please follow the format shown in Appendix B of the Energy Efficiency Policy Manual attached to CPUC Decision 01-11-066.

3) Will your group be available to participate in technical briefings with a committee potentially composed of representatives from CPUC, CEC, IOUs, Department of Consumer Affairs, and the California Power Authority? Meetings may take place in Sacramento.

4) The CPUC is interested in funding messages of energy efficiency (investment in energy saving products) rather than messages of conservation (turning off lights, turning down the heat). Please describe how this will change your proposal, if at all.

-----Original Message-----
From: staples [mailto:staples@staples-ad.com]
Sent: Friday, December 14, 2001 1:24 PM
Subject: R01-08-028 Univision Prop. for Statewide Marketing & Research

To all,

Attached to this message is a copy of the Univision Television Group's proposal for a Statewide Marketing and Outreach Program.

This proposal is 8 pages in length, in Microsoft Word format. If you have trouble with any portion of this document please call or respond by e-mail. We will fix the problem and promptly re-submit.

Respectfully yours,

Jim Staples
Office: 262-781-1890
Cel: 414-688-4796

(END OF ATTACHMENT 4)

ATTACHMENT 5: UNIVISION/STAPLES RESPONSE TO DATA REQUEST

From: staples [staples @staples-ad.com]
Sent: Wednesday, January 30, 2002 2:49 PM
To: Drew, Tim
Cc:
Subject: RE: R01-08-028 Univision Prop. for Statewide Marketing & Research

Mr. Drew:

Attached are...
1) A Word document with answers to questions 1,3, and 4; and 2) An Excel spreadsheet which answers question 3.

If you have any other questions, or would like any more information, please call or e-mail. Thanks.

Jim Staples
Ph. 262-781-1890
Fax 262-781-3160

Univision PUC Breakout.xls

Answers to CPUC questions.doc

RESPONSE TO QUESTIONS

Question 1: Who will be providing technical advice to your group, and what is the process by which you will incorporate this advice into your advertising material?

Answer 1: Technical advice will be provided by Allen Lee, Ph.D., lead evaluator and technical analyst with Xenergy in Oakland. Over the past decade, Dr. Lee has focused on evaluating energy efficiency programs. Xenergy is an energy services and consulting company founded in 1975. A national company, it has offices in Oakland, Anaheim and San Diego.

Question 2: Please revised your budget to show production costs and airtime costs. Please follow the format shown in Appendix B of the Energy Efficiency Policy Manual attached to CPUC Decision 01-11-066.

Answer 2: Please see attached Revised Budget.

Question 3: Will your group be available to participate in technical briefings with a committee potentially composed of representatives from CPUC, CEC, IOUs, Department of Consumer Affairs, and the California Power Authority? Meetings may take place in Sacramento.

Answer 3: Univision will be available to participating in these briefings.

Question 4: The CPUC is interested in funding messages of energy efficiency (investment in energy savings products) rather than messages of conservation (turning off lights, turning down the heat). Please describe how this will change your prporsal, if at all.

Answer 4: The issue at hand is, in part, a matter of semantics. Airing messages regarding energy efficiency will in no way change our proposal. In the past, Univision has promoted the funding of whole-house energy efficient renovations and retrofits with a number of Energy Efficient Mortgage products. More recently, Univision promoted PG&E's 1-2-3 Cashback™ and Residential Contractor Program rebate programs. We anticipate coordinating with the IOUs and other appropriate organizations to help promote their future energy efficiency programs to the Hispanic community...whether they are similar to or different from the aforementioned programs. We here at Univision believe that we can be uniquely effective in overcoming several barriers that exist among Spanish-speaking and low-income Hispanics. Studies indicate that Hispanics prefer television to both radio and newspaper—television is a primary source for information. Univision broadcasts in Spanish and offers high quality translation services for converting English-language material to Spanish. Univision is also highly respected and trusted within the Hispanic community. We believe these qualities make Univision an important ally in reaching Spanish-speaking and low-income Hispanics with those energy efficiency messages that CPUC identifies as a priority.

* * *

		(Xenergy, Inc.) Administative Costs	Utility Admin Costs	Marketing Costs	Production Costs	Evaluation Costs	Total Costs
Los Angeles	***SCE***	3000	23275	420115	8610	15000	**$ 470,000**
Los Angeles	***SoCal Gas***	900	6950	124580	2570	4500	**$ 139,500**
Palm Springs	***SCE***	240	1860	37070	830	1200	**$ 41,200**
Palm Springs	***SoCal Gas***	60	465	9265	210	300	**$ 10,300**
San Francisco	***PG&E***	1600	12400	216580	4420	8000	**$ 243,000**
Fresno	***PG&E***	1000	7750	133390	2860	5000	**$ 150,000**
Sacramento	***PG&E***	900	6975	132125	0	4500	**$ 144,500**
Monterey-Salinas	***PG&E***	300	2325	41595	780	1500	**$ 46,500**
Bakersfield	***PG&E***	300	2325	36595	780	1500	**$ 41,500**
Santa Barbara	***PG&E***	150	1163	23167	520	750	**$ 25,750**
Chico-Redding	***PG&E***	150	1162	18428	260	750	**$ 20,750**
San Diego	***SDG&E***	1100	8525	156995	3380	5500	**$ 175,500**
Yuma - El Centro	***SDG&E***	300	2325	36595	780	1500	**$ 41,500**
Statewide Total:		**$ 10,000**	**$ 77,500**	**$1,386,500**	**$ 26,000**	**$ 50,000**	**$1,550,000**

Marketing / Advertising / Outreach Costs:

	Vignettes	Cost	Average	:10 Energy Reminders	Cost	Total Spots	Total Avg Cost
Los Angeles	234	$ 544,695	$ 2,327.76	182	$ -	416	$ 1,309.36
Palm Springs	234	$ 46,335	$ 198.01	182	$ -	416	$ 111.38
San Francisco	234	$ 216,580	$ 925.56	182	$ -	416	$ 520.63
Fresno	234	$ 133,390	$ 570.04	182	$ -	416	$ 320.65
Sacramento	234	$ 132,125	$ 564.64	182	$ -	416	$ 317.61
Monterey-Salinas	234	$ 41,595	$ 177.76	182	$ -	416	$ 99.99
Bakersfield	234	$ 36,595	$ 156.39	182	$ -	416	$ 87.97
Santa Barbara	234	$ 23,167	$ 99.00	182	$ -	416	$ 55.69
Chico-Redding	234	$ 18,428	$ 78.75	182	$ -	416	$ 44.30
San Diego	234	$ 156,995	$ 670.92	182	$ -	416	$ 377.39
Yuma-El Centro	234	$ 36,595	$ 156.39	182	$ -	416	$ 87.97
Statewide Total:	**2574**	$ 1,386,500	$ 538.66	**2002**	$ -	**4576**	$ 302.99

Production / Distribution Costs:

	Hours	Cost/Hour	Total
Talent Fees	1	$ -	$ -
Video	1	$ 250	$ 250
Editing	3	$ 250	$ 750
Total:			$ 1,000
13 Week Total:			$ 13,000

(Univision will produce one spot a week for 13 weeks)

	Tapes	Cost	Total
Dubbing	10	$ 60	$ 600
Distribution	10	$ 40	$ 400
Total:			$ 1,000
13 Week Total:			$ 13,000

(All production will be done in Sacramento, so no dubbing or distribution charges for this market)

Prepared by: Univision Television Group
1710 Arden Way
Sacramento, California 95815

Prepared for: California Public Utilties Commission
Proposal for Statewide Marketing & Outreach
2002 Energy Efficiency Selection Program
R.01-08-028

Date: 30-Jan-01

Evaluation, Measurement and Verification Costs

Hispanic Consumer Awareness Survey (pre-campaign study)

	Cost
Booth rental	900
Equipment rental (tables, chairs, electricity)	200
Printed materials (500 survey forms @.15 each)	75
Survey materials (pencils, clipboards etc.)	50
Staffing (16 manhours :two people, 8 hour event)	320
Analysis (32 manhours: Two people, 2 days)	640
Total for pre-campaign study	2,185

Hispanic Consumer Awareness Survey (post-campaign study)

	Cost
Booth rental	900
Equipment rental (tables, chairs, electricity)	200
Printed materials (500 survey forms @.15 each)	75
Survey materials (pencils, clipboards etc.)	50
Staffing (16 manhours :two people, 8 hour event)	320
Analysis (32 manhours: Two people, 2 days)	640
Total for pre-campaign study	2,185

Hispanic Consumer Awareness Survey (post-campaign final analysis)

Analysis (8 manhours: one person, one day)	175.455

Summary:	Cost	# of markets	Total Cost
Pre-campaign study	2,185	11	24,035
Post-campaign study	2,185	11	24,035
Final Analysis	175.455	11	1,930
Total Cost for Evaluation, Measurement and Verification:			50,000

(END OF ATTACHMENT 5)

ATTACHMENT 6
BUDGET FORMAT FOR IMPLEMENTATION PLAN

Titles (i.e., Activity Type A) under Main Categories (i.e., Labor, etc.) may be changed and expanded or contracted in number, but itemization should be maintained to an equivalent degree, and Main Categories (i.e., Labor, as set out in Policy Manual) are to be included as are. If the Category cost is $5000 or less, further itemization is not required.

Program Budget

Item	**$**	Methodology for Allocation (Footnote if necessary)	Percentage of Total Program Budget
Administrative Costs			
Labor			
(Activity Type A) e.g., Program Planning			
(Activity Type B) e.g., Program Design			
(Activity Type C) e.g., Program Implementation			
(Activity Type D) e.g., Incentive Processing			
Subtotal Labor			
Benefits (note if this amount is to be recovered elsewhere)			
# of staff @ $xx			
# of staff @ $yy			
Subtotal Benefits			
Overhead			
Type A (e.g., Business Resources)			
Type B (e.g., Corporate Services)			
Type C (e.g., Security)			
Type D (e.g., Transportation Services)			
Type E (e.g., Information Technology)			
Type F (e.g., Procurement and Material Management)			
Type G (Shops Services and Instrumentation Division)			
Subtotal Overhead			
Travel costs			
Type A (e.g., Mileage and Parking)			
Type B (e.g., Meals)			
Type C (e.g., Lodging)			

Type D (e.g., Conference Activities)			
Type E (e.g., Training Activities)			
Subtotal Travel costs			
Reporting costs			
Report 1			
Report 2			
Subtotal Reporting costs			
Materials & Handling			
(e.g., Equipment Purchase)			
(e.g., Equipment lease/maintenance)			
(e.g., Postage)			
(e.g., Organization Support)			
Subtotal Materials & Handling			
General and Administrative costs			
Type 1 (e.g., Regulatory Support)			
Type 2 (Mgmt/Admin support)			
Type 3 (Communications)			
Subtotal General and Administrative costs			
Subcontractor Administrative costs (administrative only, report other subcontractor costs in the appropriate category)			
Labor			
Benefits			
Overhead			
Travel costs			
Reporting costs			
Materials & Handling			
General and Administrative costs			
Subtotal Subcontractor Administrative costs			
Total Administrative Costs			
Marketing/Advertising/Outreach Costs			
Activity A (e.g., 6 brochures, 1000 copies, @ $10 each)			
Activity B (e.g., # television spots @ $)			
Activity C (e.g., vendor training)			
Total Marketing/ Advertising/Outreach Costs			
Direct Implementation Costs			
Itemized financial incentives • E.g., 100 water heaters @ $75 each			
Subtotal Financial Incentives			
Itemized installation costs • E.g., 100 14 SEER Central AC units @ $2000 each (installed)			

Subtotal Installation costs			
Itemized activity costs • E.g., 100 walk-through audits @ $500 each			
Subtotal Activity costs			
Total Direct Implementation costs			
Evaluation, Measurement and Verification Costs			
Labor			
(Activity Type A)			
(Activity Type B)			
Subtotal EM&V Labor			
Overhead			
Type A			
Type B			
Type C			
Type D			
Subtotal EM&V Overhead			
Travel costs			
Type A (e.g., Mileage and Parking)			
Type B (e.g., Meals)			
Type C (e.g., Lodging)			
Reporting costs			
Report 1			
Report 2			
Subtotal EM&V Reporting Costs			
Materials & Handling			
(e.g., Equipment Purchase)			
(e.g., Equipment lease/maintenance)			
(e.g., Postage)			
Subtotal Materials & Handling			
General and Administrative costs			
Type 1			
Type 2			
Type 3			
Subtotal General and Administrative costs			
Total Evaluation, Measurement and Verification Costs			
Other Costs			
Itemized, may include: • Profit • Financing costs			
Subtract Costs Not Charged to this Program (e.g., benefits recovered by alternate means, as noted above)			
Budget Grand Total			

(END OF ATTACHMENT 6)

ATTACHMENT 7

ELECTRONIC SERVICE PROTOCOLS
(Page 1)

Party Status in Commission Proceedings

These electronic service protocols are applicable to all "appearances." In accordance with Commission practice, by entering an appearance at a prehearing conference or by other appropriate means, an interested party or protestant gains "party" status. A party to a Commission proceeding has certain rights that non-parties (those in "state service" and "information only" service categories) do not have. For example, a party has the right to participate in evidentiary hearings, file comments on a proposed decision, and appeal a final decision. A party also has the ability to consent to waive or reduce a comment period, and to challenge the assignment of an Administrative Law Judge (ALJ). Non-parties do not have these rights, even though they are included on the service list for the proceeding and receive copies of some or all documents.

Service of Documents by Electronic Mail

For the purposes of this proceeding, all appearances shall serve documents by electronic mail, and in turn, shall accept service by electronic mail.

Usual Commission practice requires appearances to serve documents not only on all other appearances but also on all non-parties in the state service category of the service list. For the purposes of this proceeding, appearances shall serve the information only category as well since electronic service minimizes the financial burden that broader service might otherwise entail.

Notice of Availability

If a document, including attachments, exceeds 75 pages, parties may serve a Notice of Availability in lieu of all or part of the document, in accordance with Rule 2.3(c) of the Commission's Rules of Practice and Procedure.

Attachment 7

ELECTRONIC SERVICE PROTOCOLS
(Page 2)

Filing of Documents

These electronic service protocols govern service of documents only, and do not change the rules regarding the tendering of documents for filing. Documents for filing must be tendered in paper form, as described in Rule 2, *et seq.*, of the Commission's Rules of Practice and Procedure. Moreover, all filings shall be served in hard copy (as well as e-mail) on the assigned ALJ.

Electronic Service Standards

As an aid to review of documents served electronically, appearances should follow these procedures:

- Merge into a single electronic file the entire document to be served (*e.g.* title page, table of contents, text, attachments, service list).
- Attach the document file to an electronic note.
- In the subject line of the note, identify the proceeding number; the party sending the document; and the abbreviated title of the document.
- Within the body of the note, identify the word processing program used to create the document. (Commission experience indicates that most recipients can open readily documents sent in Microsoft Word or PDF formats

If the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternative service (paper mail shall be the default, unless another means is mutually agreed upon).

Attachment 7

ELECTRONIC SERVICE PROTOCOLS
(Page 3)

Obtaining Up-to-Date Electronic Mail Addresses

The current service lists for active proceedings are available on the Commission's web page, www.cpuc.ca.gov. To obtain an up-to-date service list of e-mail addresses:

Choose "Proceedings" then "Service Lists."

- Scroll through the "Index of Service Lists" to the number for this proceeding.
- To view and copy the electronic addresses for a service list, download the comma-delimited file, and copy the column containing the electronic addresses.

The Commission's Process Office periodically updates service lists to correct errors or to make changes at the request of parties and non-parties on the list. Appearances should copy the current service list from the web page (or obtain paper copy from the Process Office) before serving a document.

Pagination Discrepancies in Documents Served Electronically

Differences among word-processing software can cause pagination differences between documents served electronically and print outs of the original. (If documents are served electronically in PDF format, these differences do not occur.) For the purposes of reference and/or citation in cross-examination and briefing, all parties should use the pagination found in the original document.

(END OF ATTACHMENT 7)

Attachment 8

IOU Local Program Bridge Funding for April and May 2002

Program Areas	PG&E	SCE	SDGE	SCG	Total
Residential Programs	382,800	264,000	121,000	88,000	855,800
Nonresidential Programs	478,500	388,300	150,700	108,900	1,126,400
Cross-Cutting	334,620	253,000	105,490	74,690	767,800
PROGRAM TOTALS	1,195,920	905,300	377,190	271,590	2,750,000

(END OF ATTACHMENT 8)

Attachment 9

Data Requests to Edison re SPC/Express Efficiency Programs

-----Original Message-----
From: Hess, Tuukka D.
Sent: Thursday, March 14, 2002 5:23 PM
To: 'tory.weber@sce.com'
Subject: SPC/Express Efficiency Data Request

Tory,
The Energy Division requests the following information in excel format, by noon on Tuesday, March 19.

For past period years 1999-2000, 2000-2001, 2001-2002, and for proposed period year 2002-2003, please provide:

- Measures offered by the SPC program, number of units installed per measure, and energy savings per measure.
- Measures offered by the Express Efficiency program, the number of units installed per measure, and energy savings per measure.

Measures shared by any of these period years should bear the same name. This spreadsheet should clearly detail changes in program mix of measures over time.

If you have any questions, please feel free to contact me.

Thanks.

Tuukka Hess
Regulatory Analyst
California Public Utilities Commission
(415) 355-5505
tdh@cpuc.ca.gov

(END OF ATTACHMENT 9)

Attachment 10

Edison's Responses to Data Requests re SPC/Express Efficiency Programs

Original Message-----
From: Tory.Weber@sce.com [mailto:Tory.Weber@sce.com]
Sent: Tuesday, March 19, 2002 12:13 PM
To: Hess, Tuukka D.
Subject: Re: SPC/Express Efficiency Data Request

Tuukka,

Here are the spreadsheets for the SPC and Express programs.

(See attached file: Express - All energy savings by measure.xls)(See attached file: SCE SPC 99-02 TH.xls)

A few notes which apply to both spreadsheets:

- Incentive amounts differ from year to year, which should be acknowledged in any comparison between the years.
- Program designs change from year to year, which should also be acknowledged in any comparison between the years.
- All savings amounts are in gross, as the net to gross ratio changes from year to year.
- Measure eligibility changes from year to year.

For SPC, measure drop out percentage information is included. Also, as we discussed previously, the SPC information is aggregated at the end use level, as this is the information which is tracked in the SPC tracking system. The SPC information shows both large and small SPC.

On the Express, the measures are listed alphabetically. I didn't have time to re-sort them back into end use. If you need this, I could do it with an hour or two time. Also, the Express measures, the kW is the measure peak, as that is what is in the tracking system. For most of these measures, the measure peak is the on-peak reduction, except for the exterior lighting. The Express numbers do not include the Large Express program results from 2001. For all of the express information, the information reflects the current status of all projects (for example, the 1999 measures are the complete 1999 information, not what we had as of 12/31/99, which was reported in the annual report).

Tory S. Weber
Internal - PAX: 28186 Fax: 26253
External - Ph: (626) 302-8186 Fax: (626) 302-6253

"Hess, Tuukka D." To: "'tory.weber@sce.com'" <tory.weber@sce.com>
<tdh@cpuc.ca.gov cc:

> Subject: SPC/Express Efficiency Data Request

03/14/2002 05:22 PM

Tory,
The Energy Division requests the following information in excel format, by noon on Tuesday, March 19.

For past period years 1999-2000, 2000-2001, 2001-2002, and for proposed period year 2002-2003, please provide:

- Measures offered by the SPC program, number of units installed per measure, and energy savings per measure.
- Measures offered by the Express Efficiency program, the number of units installed per measure, and energy savings per measure.

Measures shared by any of these period years should bear the same name. This spreadsheet should clearly detail changes in program mix of measures over time.

If you have any questions, please feel free to contact me.

Thanks.

Tuukka Hess
Regulatory Analyst
California Public Utilities Commission
(415) 355-5505
tdh@cpuc.ca.gov

(Please See CPUC Formal Files for

(1) Chart from Edison's Responses to Data Requests re Express Efficiency Program and

(2) Chart from Edison's Responses to Data Requests re SPC Program.)

(END OF ATTACHMENT 10)

**CONCURRENCE OF COMMISSIONER WOOD
TO D.02-03-056**

This decision identifies the statewide energy efficiency programs for 2002 and builds on the policies adopted in a Commission decision issued last November. In that November decision (D.01-11-066), the Commission established policies and set criteria for the regulated energy utilities' post-2001 energy efficiency programs. In reviewing a draft of D.02-03-056, I came to realize that the November decision had eliminated the shareholder incentive mechanism for energy efficiency programs. I take issue with the manner in which that mechanism was eliminated.

The November decision included a policy manual that set forth the Commission's guiding principles to use in evaluating energy efficiency program proposals and rules to establish the Commission's approach to all aspects of the development of energy efficiency programs. The manual at page 29 stated, "In the past, the Commission has offered shareholder incentives to large IOUs for successful program delivery, in lieu of a profit margin. The Commission will no longer make a special provision for shareholder earnings." Nowhere else in D.01-11-066 was there a discussion of the elimination of the shareholder incentive mechanism.

Prior to eliminating the incentive program, the question of whether it is possible to construct an incentive mechanism that would result in improved, effective energy efficiency programs should have been raised and discussed. I would have benefited from parties' and staff's analysis on this subject. Having stated these concerns, I believe that in the very near future the Commission should review the concept of a shareholder incentive mechanism for these programs.

On another matter, I disagree with the artificial distinction made between “energy efficiency” and “conservation”. The decision defines energy conservation as primarily behavioral changes. This includes turning off lights, unplugging a second refrigerator, or using dishwashers at non-peak times. Energy efficiency is defined as permanent changes that are closely tied to the installation of energy efficient equipment, such as purchasing compact fluorescent light bulbs or an energy saving refrigerator. Based on this distinction, the decision provides funding for marketing and outreach programs that focus on energy efficiency messages and rejects a proposal to allocate some funding to conservation activities.

Behavioral and permanent (or equipment-oriented changes) are inextricably connected. The same factors that cause customers to make behavioral changes often lead them to make equipment changes as well. I am concerned that making this arbitrary distinction is counterproductive and will lead to less effective use of advertising and outreach funds.

Despite these concerns, I believe that it is most important that the Commission not delay the initiation of the 2002 energy efficiency program adopted by this decision.

/s/ CARL WOOD
CARL WOOD
Commissioner

San Francisco, California
March 28, 2002