BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) for Approval of Program Year 2000 and 2001 Energy Efficiency Program Plans, Budgets, and Performance Award Mechanism.	Application 99-09-049 (Filed September 27, 1999)
Application of Pacific Gas and Electric Company for Approval of Program Years 2000 and 2001 Energy Efficiency Programs (U 39 M).	Application 99-09-050 (Filed September 27, 1999)
Compliance Application of San Diego Gas & Electric Company (U 902-M) for Approval of 2000 and 2001 Energy Efficiency Programs, Budgets, Performance Incentive Structure.	Application 99-09-057 (Filed September 27, 1999)
Compliance Application of Southern California Gas Company (U 904-G) for Approval of 2000 and 2001 Energy Efficiency Programs, Budgets, Performance Incentive Mechanism.	Application 99-09-058 (Filed September 27, 1999)

RULING OF ASSIGNED COMMISSIONERS AND ADMINISTRATIVE LAW JUDGE ON SUMMER 2000 ENERGY EFFICIENCY INITIATIVE

I. Background

In Decision (D.) 00-07-017, the Commission adopted the Summer 2000 Energy Efficiency Initiative (Summer Initiative) as a "rapid response procedure"

to provide "measurable demand and energy usage reductions beginning in summer 2000." (*Id.*, *mimeo.*, at p. 199.) The Summer Initiative was specifically designed "to provide maximum impact of demand and energy usage reductions" during the current summer energy capacity shortage and for the potential energy shortage projected over the next few years. (*Id.*)

To this end, the Commission directed that the utilities' unspent energy efficiency funds from program year 1999 and earlier be set aside for the Summer Initiative and created a process for the utilities and other interested parties to provide "program options that will bring about the largest reductions in electric demand and / or electric usage reductions in the shortest period of time." (*Id.*, at p. 203.) The Commission directed that parties submitting proposals submit "concrete plans for program administration, implementation, verification of demand and energy reductions, and program budgets" and a description of the cost-effectiveness methodology used in formulating the proposal. (*Id.*)

The Commission directed that proposals for funding under the Summer Initiative be filed and served by July 21, 2000, that comments on the proposals be filed and served by July 31, 2000,[1] and that the programs be approved and implemented by September 1, 2000. (*Id.*) The Commission authorized the Assigned Commissioners and Administrative Law Judge (ALJ) to "approve program suggestions for implementation on or before August 21, 2000." (*Id.*)

[1] The deadline for submitting comments was extended by ALJ Ruling to August 4, 2000.

II. Proposals and Comments Received

A. Proposals

The Commission received a wide range of program proposals and recommendations from 24 different parties, including the investor-owned utilities, manufacturers, vendors, energy service companies (ESCOs), consultants, municipal corporations, government entities, research and advocacy groups, and electric end users, proposing over 50 different programs. The proposals seek a total funding of over $500 million and project demand reduction impacts of approximately 1,800 MW (assuming unlimited funding). Other interested parties, while not proposing specific projects, provided comments on suggested principles and criteria to govern program selection. Table 1 below summarizes the proposals received for the Summer Initiative.

Table 1. Summer Initiative Proposals Received

Proposed by:	**Program Activity Description:**
Investor-Owned Utilities	
Pacific Gas & Electric (PG&E)	Large SPC peak kW reduction program Small SPC peak kW reduction program Express Efficiency peak program LED traffic lights Express Efficiency packaged AC program Voluntary load curtailment Savings by Design premium incentives Residential pool pump efficiency Refrigerator recycling Cross-cutting solicitation for peak demand
Southern California Edison (SCE)	Enhanced Express Efficiency SPC peak demand reduction Residential refrigerator recycling Savings by Design premium incentives Cooperative demand response initiative AC cycling load control (advice letter 1464-E) Pool pump tripper (advice letter 1463-E)

Proposed by:	**Program Activity Description:**
San Diego Gas & Electric (SDG&E)	Program enhancements Residential hard to reach outreach Residential increased promotion Whole house fans Mail-in audits Pool pump efficiency Nonresidential HVAC incentives Nonresidential increased promotion New initiatives Residential refrigerator recycling Residential hard to reach appliances Halogen torchiere turn-in events LED traffic lights Nonresidential high efficiency lighting Multifamily tenant improvements Savings by Design premium incentives
Southern California Gas Company (SoCalGas)	Gas comfort cooling Gas refrigeration Gas air compression Gas municipal water pumping Gas agricultural water pumping Distributed generation
Manufacturers and Corporations	
Silicon Energy and Andersen Consulting	Statewide load management infrastructure
Silicon Energy and Carrier Corporation	Direct residential HVAC load control
Cannon Technologies, Inc.	Direct load control (filed after deadline)
Ecos Consulting	Halogen torchiere replacement program
Appliance Recycling Centers of America (ARCA)	Residential refrigerator recycling program
Res-Team (residential ESCOs and ESPs)	Hard to reach residential program
NAESCO	Comments on principles for summer initiative
Distributed Power Coalition of America (DPRA)	Letter of support

California Cities	
City of Concord	City facility daytime peak reduction
City of Oakland	Various city demand and energy reductions
City of Santa Monica	PowerLight Corporation proposals for PVs
Government/Research/Advocacy	
California Energy Commission (CEC)	Price responsive HVAC Large commercial AC tune-up Home AC tune-up Enhanced residential peak shed Statewide pool pump tripping Statewide new home quality assurance Statewide Energy Star Homes Statewide nonresidential building Commissioning Statewide cool communities / white roofs Statewide LED traffic lights Water / wastewater pump retrofits
Electric Power Research Institute (EPRI)	Demand responsiveness pilot and research Study
Global Green USA	Peak load public outreach campaign
Office of Ratepayer Advocates (ORA)	Various modifications to utility programs
Electric End Users and Their Organizations	
California Oil Producers Electric Cooperative (COPE)	Fluid pumping efficiency program Waste gas to electric generation
Humboldt Creamery Association	Demand reduction measures
Nurseryman's Power Cooperative	On-site cogeneration
Presidio Trust	Energy efficiency building retrofits
University of California and Cal State	Campus energy efficiency retrofits

B. Comments

Comments on the proposals were received from various interested parties, including Appliance Recycling Centers of America (ARCA), City of San Jose,

Electric Power Research Institute (EPRI), Latino Issues Forum / Greenlining Institute (LIF / Greenlining), National Association of Energy Service Companies (NAESCO), Natural Resources Defense Council (NRDC), Office of Ratepayer Advocates (ORA), Pacific Gas & Electric Company (PG&E), Plurimi, Inc., Res-Team, Sierra Club, Silicon Energy, San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas), Southern California Edison Company (Edison), The Utility Reform Network (TURN), University of California and Cal State, and Utility Savings and Refund (which submitted the Nurseryman's Power Cooperative proposal).

Several groups, including LIF / Greenlining and the Res-Team stress the importance of considering equity issues when evaluating the various submitted programs, contending that all ratepayers, including smaller consumers, should derive benefit from Summer Initiative funds. The NRDC, the Sierra Club, and TURN suggest criteria for program evaluation and selection. The Sierra Club and NRDC also oppose use of Summer Initiative funds for supply side and load management proposals, while TURN and the Res-Team oppose use of these funds for proposals that target load shifting, all contending that such use would be inappropriate and contrary to Pub. Util. Code § 381.

The utilities generally reiterate their original positions and advocate that other programs to be operated in parallel to existing utility programs. Other groups support some of the utility programs, such as NAESCO, which supports the utilities' Standard Performance Contract (SPC) mechanisms. The Res-Team and Utility Savings and Refund Services object to reapplying for funding through utility programs or recommend against utility administered programs. The other parties also primarily restate their original proposals, sometimes providing additional support or requesting more funds.

C. A Hearing is Not Necessary

Several parties strongly opined that a hearing on these proposals was not necessary. Only one participating party, Plurimi, Inc., specifically requested hearings. Plurimi, Inc., an internet start-up company that offers internet-based load curtailment products, did not submit a proposal for funding under the Summer Initiative, but filed reply comments apparently upon learning that proposals had been submitted by one of its competitors. Plurimi's concern is that there be a bidding process that will allow all interested emerging technology companies to compete for funding instead of granting one company a lock on a statewide load curtailment system.

Upon reviewing the proposals submitted and considering the parties' arguments, we find that a hearing is not necessary and would only further delay our ability to expeditiously effect energy savings for this summer and the summer of 2001. We are sympathetic to Plurimi's concerns and note that we have not selected any internet-based load curtailment products or services for funding under the Summer Initiative, partially for these reasons. These proposals, as others, may be considered further in the future.

Without exception, the proposals submitted represent activities that will benefit California electric consumers. We commend all parties who came forward with ideas and hope that, whether or not their proposals are selected for funding as part of the Summer Initiative, they will continue to work with us, the utility administrators, and the consumers to move toward even better demand-side energy efficiency options in California in the future.

III. Funds Available for Summer Initiative

In D.00-07-017, the Commission directed the utilities to make the following funding sources available for the Summer Initiative: (1) funds unexpended in

1999 carried over into PY 2000 and 2001;[2] and (2) funds reallocated from original utility shareholder incentive budgets for PY2000. (*Id.*, at p. 202.)

At that time, the Commission estimated these two sources to provide a total of $67.7 million across the four utilities as follows:

- PG&E: $30.191 million
- SCE: $21.28 million
- SDG&E: $12.25 million
- SoCalGas: $4.00 million

A. Pre-1998 DSM Funds

In D.00-07-017, the Commission also directed the utilities to provide details on any rollover funding still being held from demand-side management (DSM) programs for the period prior to 1998. (*Id.*, at p. 201.) PG&E, SDG&E, and SoCalGas provided information regarding pre-1998 rollover funding. Edison did not comply with this order in its filing.

Of the four utilities, it appears that only PG&E has rollover pre-1998 DSM funds that should be used to supplement the Summer Initiative. While SDG&E identified pre-1998 DSM funds, it appears that SDG&E has returned the unspent funds to ratepayers. Edison now represents that it does not have any pre-1998 DSM rollover funds.[3] And, SoCalGas' rollover funds are all attributed to gas, which has been excluded, for the most part, from the Summer Initiative program.

[2] These funds include the difference between the utilities' original carry-over estimates and the revised estimates provided in the utilities 1999 Fourth Quarter Reports.

[3] We direct SDG&E and SCE to advise us promptly if our conclusions are in error.

PG&E, on the other hand, represents that it has pre-1998 DSM program rollover funds totaling approximately $10 million, of which approximately $4.5 million was collected from electric ratepayers and $5.5 million was collected from gas ratepayers.

It was the Commission's intent that the pre-1998 DSM rollover funds be included in the funds available for the Summer Initiative. As we explain further below, because the Commission directed the Summer Initiative to focus on reducing electric demand and not gas demand, we will include the electric portion of the pre-1998 program rollover funds in the Summer Initiative funding and not the gas roll-over funds. Thus, we add $4.5 million to the funding available in PG&E's service territory, for a total of $34.78 million.

B. Summer Initiative Funds Are a Fixed Amount and Any Shortfall Will Be Trued Up From Future Public Goods Charge Program Funds

While the funding level set forth in D.00-07-017 was simply an estimate of available funds at one point in time, it is clear that the Commission intended that we maximize the funds available to fund the Summer Initiative. Thus, we use the $67 million, as divided among the utilities in D.00-07-017, as the intended funding level, plus electric rollover funds from pre-1998 DSM programs, and approve program spending at this level.

We maintain this funding level notwithstanding the fact that the exact amount of funds available may change over time, as better estimates of carryover funds become available or because of other Commission directives. For example, it has come to our attention that the $67 million earmarked for the Summer Initiative includes gas as well as electric carryover funds. The Commission's intention in adopting the Summer Initiative was to reduce *electric* peak demand

and energy consumption. To the extent that there are synergies between electric and gas efficiency (for example, in a residential comprehensive program where one contractor could install both electric and gas efficiency measures at a single residence), we should and will take advantage of them.[4] However, we do not believe that it is appropriate to use funds contributed by gas ratepayers to pay for electric efficiency measures, and will not do so. Not only would it be inequitable to do so, but we note that gas prices are rising and supplies tightening; thus, we anticipate that gas efficiency measures may become increasingly important in the future.

Thus, our decision to maintain the funding at this level will require that funds come from other sources. It is also possible that funding the shortfall may impact PY 2001 energy efficiency programs, which are currently being planned. This will require a truing up of the accounting for purposes of PY2001 planning. We will direct the utilities to true up future budgets as necessary outside the Summer Initiative process.

We anticipate that any shortfall in funding will be redirected from two sources: (1) unspent funds from PY 2000 public goods charge (PGC) program budgets remaining on December 31, 2000; and (2) to the extent that unspent funds from PY2000 are insufficient, from unspent PY2001 program budgets remaining on December 31, 2001. Based on a preliminary review of the PY 2000 Second Quarter Reports submitted by PG&E and SCE on August 16, 2000, it

[4] Thus, SoCalGas' required contribution to the Summer Initiative is limited to programs that include gas efficiency opportunities. While we may order additional gas conservation and efficiency measures in the future for PG&E's and SDG&E's gas customers, it is appropriate at this time to provide all Summer Initiative funding from electric PGC funds to reduce electric demand and energy usage.

appears that there could be substantial unspent program budgets for some programs at the end of 2000.

In order to facilitate a complete accounting of all energy efficiency public purpose and DSM funds available at each utility, we direct the utilities to file, by October 16, 2000, a report setting forth a complete accounting of current and projected unspent funds as of September 30, 2000, segregated by electric and gas, for: (1) pre-1998 DSM funds; (2) PY1998 unspent funds; (3) PY1999 unspent funds; and (4) projected PY2000 unspent funds.

In sum, we direct the four utilities to fund the Summer Initiative in the following amounts:

- PG&E: $34.78 million
- SCE: $21.28 million
- SDG&E: $12.25 million
- SoCalGas: $4.00 million

These funds should be expended between September 1, 2000 and December 31, 2001. The utilities should track budgets and spending associated with the Summer Initiative separately from their other energy efficiency program expenditures.

The Summer Initiative proposals have been evaluated through first, a set of threshold criteria, and second, ranked criteria. Since the funding requested greatly exceeded the available funds, the criteria were designed to prioritize proposals, as well as to capture the Commission's objectives.

IV. Selection Criteria

A. Threshold Criteria

To be considered, the proposals were required to meet three threshold criteria:

1. Nature of Savings

The proposal must provide verifiable demand-side electric energy efficiency savings and / or peak demand shaving. Fuel-switching and cogeneration are not eligible for funding.

The Summer Initiative was adopted to seek new ideas that would produce energy and / or demand reductions by the summer of 2001. Therefore, we only considered proposals that have a reasonable prospect of being able to demonstrate those savings. Several of the proposals received could very well lead to demand and energy savings in the long run, such as energy management services and other information and training programs. However, savings from those types of programs are hard to measure and difficult to attribute directly to the programs. For this Summer Initiative, we decided to emphasize programs where energy and demand savings will have a direct and immediate relationship to program activities.

Further, we decided to eliminate fuel-switching and cogeneration projects from consideration. While both types of projects have the potential to save energy and / or demand, Pub. Util. Code § 381 specifies that the public goods charge be used only for "cost-effective energy efficiency and conservation." Neither fuel-shifting nor cogeneration projects have been considered in the past to qualify as energy efficiency and conservation projects and thus have been expressly disallowed in prior programs. While the language set forth in § 381 leaves room for discretion in defining how the funds are spent,

we are reluctant to undertake a major policy shift within the context of the Summer Initiative. This issue is more appropriately considered in a post-PY2001 rulemaking proceeding. At that time, the Commission will be able to explore fully the implications of funding cogeneration and fuel-switching projects through this mechanism.

2. Program Addresses a Market Failure

The proposal must be for activities that would not otherwise be funded through other programs or market activities.

This criterion was designed to prioritize proposals that represent solid energy and demand savings for which the Summer Initiative might be the only funding available. If utilities or other entities already fund the activities proposed, we generally did not consider them for further funding under the Summer Initiative. Further, proposals that are clearly economic from the customer's point of view, without augmented funding required, were also generally eliminated. We made an exception, however, and agreed to fund a program if Summer Initiative funding would accelerate program activities, thus potentially influencing energy and demand savings before the summer of 2001.

3. Benefits By June 1, 2001

The program or activity proposed must deliver energy and demand savings by June 1, 2001 and must be designed to achieve savings quickly.

B. Prioritized (Ranked) Criteria

If the proposals met the three threshold criteria, they were prioritized in accordance with the following criteria:

1. Cost Effectiveness

The program proposals used a variety of methods for determining cost-effectiveness. Using the information provided, we assessed the relative cost-

effectiveness of the various proposals in relationship to each other, and prioritized the proposals that represent the most cost-effective energy and demand savings possible. A further description of our ongoing expectations and requirements for program cost-effectiveness for the selected programs is discussed in Section V below.

2. Total MW/MWh Reduction: Will the Program Produce a Reasonably High Impact?

Proposals were measured against this criterion and ranked on a relative, rather than an absolute scale. Our objective was to prioritize those programs that can have a major impact on energy consumption by next summer, while minimizing administrative and other transaction costs. Because each program selected will likely still require a contracting process before being implemented, we prefer to minimize the number of distinct programs being offered, as long as this will still allow us to reach our goal of maximum demand and energy savings by next summer.

3. Program Delivery By A Mix of Entities, Including Non-Utility Entities.

Because the utilities are already operating a large number of energy efficiency programs in the state, we wanted to give some preference in the Summer Initiative to non-utility proposals. We received three distinct types of program proposals: (1) programs that are totally self-contained, in that they can be designed, administered, and delivered by a non-utility entity; (2) programs that require utility administration, but still rely on third-parties to implement or deliver programs to consumers; and (3) programs that are delivered entirely or mostly by utility personnel. We prioritized the proposals in that order. We recognize that the utilities will still need to contract for the services, regardless of the type of delivery mechanism, and address that issue in Section V below.

4. Underserved and Residential Markets

Although the purpose of the Summer Initiative is generally focused on achieving maximum energy and demand savings by next summer, we recognize that there are equity considerations associated with delivering benefits to those consumers from whom the public benefits funding was collected in the first place. We also recognize that there is generally tension between serving hard-to-reach customers and other criteria such as cost-effectiveness or aggregate impact. While we do not adhere to a strict tracking of collection and spending based on customer class, we take into consideration the fact that the majority of the funds being spent on the Summer Initiative were collected from residential consumers. Therefore, we rated proposals that deliver benefits to residential (particularly multi-family) and small commercial consumers higher than other proposals based on this criterion.

5. Savings Credibility: Does the Program Utilize a Proven Program or Technology?

This criterion was designed to favor those programs that deliver energy or demand savings on the basis of proven technologies or delivery strategies than those that might be more speculative. For example, we ranked proposals that were more experimental or "pilot" in nature lower than those utilizing technologies or programs with a longer and more predictable track record.

6. Location: Priority and Transmission Constrained

We prioritized more highly programs that would create benefits or activities in the San Diego and the San Francisco Bay Area, since those are the areas in which prices and transmission constraints, respectively, are creating the most severe need.

7. Innovation: Newness of Program Concept

We gave a higher ranking to proposals presenting unique or new ideas than those utilizing more traditional concepts. We recognize that there is tension between this criterion and savings credibility.

C. Programs Selected

After ranking all of the proposals, we looked for opportunities to consolidate overlapping or competing program concepts. In many cases, proposers presented ideas that were similar and could be combined into a statewide program offering. Where possible, we opted to offer similar programs to consumers throughout the state, rather than creating approaches that are specific to individual utility service territories or locations, although we also opted to fund some proposals made by specific end users and cities.

Based upon our stated criteria and groupings, we have selected the following programs for funding as part of the Summer Initiative:

Table 2. Selected Summer Initiative Activities

Implementer	Program	PG&E	SCE	SDG&E	SoCalGas	Total
		(in thousands of dollars)				
New Statewide Programs						
Ecos	Torchiere replacement	350	250	150		750
Utilities / ARCA	Refrigerator recycling	5,500	1,200	3,000		9,700
Utilities / third parties	Third Party targeted solicitation	3,500	1,700	1,000		6,200
Utilities	Pool pump efficiency and timers	2,500	3,000	500		6,000
UC / CSU	Campus energy efficiency	2,500	3,500	2,000		8,000
Utilities / Res-Team	Residential and small commercial standard offer	3,700	2,600	1,500	4,000	11,800
Utilities / cities	LED rebate program	12,500	7,500	4,000		24,000
Ongoing Statewide Programs						
Utilities	Large and Small SPC program modifications	0	0	0	0	0
Utilities	Express Efficiency program modifications	0	0	0	0	0

Projects in Specific Locations						
City of Oakland	Energy efficiency design improvement	300				300
City of Oakland	Green LED traffic lights	504				504
City of Oakland	Museum chiller replacement	291				291
SDG&E	Whole House Fans			100		100
SDG&E	Torchiere Turn-In			50		50
Humboldt Creamery	Energy efficiency measures	100				100
Presidio Trust	Energy efficiency measures	500				500
COPE	Pumping efficiency	2,500	1,500			4,000
TOTAL FUNDING		**34,745**	**21,250**	**12,300**	**4,000**	**72,295**

Appendix A sets forth detailed descriptions of the selected programs, the rationale for their selection, the contractual responsibility of each utility for the program, and details about measurement and verification requirements and program designs.

Unless a program or activity is expressly mentioned in this ruling, it is not approved through the Summer Initiative.[5] The utilities may wish to include programs or make program modifications not expressly approved through the Summer Initiative process in the PY 2001 energy efficiency programs. However, any such proposals will be subject to that separate proceeding and forum.

Further, these programs are funded only through the end of 2001. If particular programs begun through the Summer Initiative demonstrate the ability to produce ongoing benefits to California electric consumers, we will

[5] The utilities made several proposals in these filings for modifications to their adopted PY 2000 energy efficiency programs. Unless expressly cited, we have not ruled on these proposals as this is not the appropriate forum in which to do so.

consider authorizing ongoing funding as part of PY2002 energy efficiency programs.

V. Program Implementation Requirements

The Commission's request for proposals for the Summer Initiative is similar to the mechanism used by the utilities when soliciting proposals for their Third Party Initiatives (TPIs). The simplest and most direct procedure for funding and implementing the Summer Initiative programs to be implemented by non-utility entities is to require the utilities to enter into contracts with proposers that are similar to the contracts they use for funding TPI programs. We direct the utilities to do so.

In addition, in a number of cases, we approve program concepts to be implemented in all utility service territories, with funding contributions from multiple utilities. To keep the contract management burden associated with the Summer Initiative programs to a minimum, we have specified in each case that one utility be responsible for contractual arrangements with the program implementer. The other utilities should make arrangements to transfer funding to the lead utility for payment purposes. We have divided up the contracting responsibility to ensure that undue management burden does not fall on any one utility. Appendix A contains more details on administrative and management requirements by program.

D.00-07-017 specifies that Summer Initiative programs should begin implementation on September 1, 2000. (*Id.*, at p. 203.) In recognition of the many requirements we have placed on the utilities related to other energy efficiency program planning and earnings assessments in this same short timeframe, we extend this deadline to September 11, 2000. We direct the utilities to complete contract signatures and to ensure that program implementation begins by that

date. We also direct the program proposers and the utilities, for their own programs, to begin offering the programs by September 11, 2000.

In addition, we adopt the following requirements for all programs implemented as part of the Summer Initiative.

- All programs should be cost-effective, which we define as achieving a 1.0 minimum ratio using the total resource cost test. Non-utility implementers should work with the utilities to ensure that their programs meet this requirement and that cost-effectiveness can be demonstrated. At a minimum, this demonstration must be made on an ex ante basis. We recognize that some of the programs may be designed to verify cost effectiveness on an ex post basis, e.g., certain TPIs, and we encourage that approach as much as possible. We expect that all programs chosen for funding will meet the minimum requirements stated herein and require the utilities to ensure that they have all data in hand to demonstrate compliance.

- All non-utility entities implementing Summer Initiative programs should submit to the managing utility their estimates of program impact. This will most likely take the form of a final report submitted to the managing utility at the end of the program period. At a minimum, the final report should include information about all activities undertaken as part of the program, number of units installed, removed, or otherwise affected by the program, and demonstration of energy and demand savings achieved. Program implementers should also commit to making all data used in the preparation of program impact estimates to the managing utility for auditing or other verification purposes.

- The utilities should provide estimates of program impact for the programs they administer and implement at the conclusion of the program.

VI. Relationship to PY2001 Planning Process and Programs

D.00-07-017 directs that the Summer Initiative be implemented "alongside and parallel to PY 2000 programs." (*Id.*, at p. 199.) Thus, the Summer Initiative

will be treated as a separate, more targeted portfolio of energy efficiency programs, which will be evaluated and tracked separately from ongoing PY 2000 and PY 2001 energy efficiency programs. Programs approved today pursuant to the Summer Initiative will not be included in the utilities' PY 2000 or PY 2001 program portfolios for purposes of either: (1) shareholder incentive mechanisms; or (2) cost-effectiveness inputs and protocols.

A. Shareholder incentive policy for Summer Initiative

The utilities propose to create performance milestones governing implementation of the Summer Initiative programs, and request funding for payment of shareholder incentives for completion of those milestones. The utilities also request that the amount funded for the Summer Initiative be counted toward meeting their "aggressive implementation" targets established as a part of the PY2000 shareholder incentive mechanism. While the utilities' request is understandable, we do not believe that it is appropriate. The bulk of the funding for the Summer Initiative programs comes from rollover funding, that is, from funds that the utilities previously budgeted but did not spend. These funds were previously subject to shareholder incentives; thus, the utilities previously had the opportunity to earn incentives on programs that were funded with this same pool of funds. Further, we note that it is too late to incorporate these programs into the shareholder incentive mechanism for PY2000 and that PY2001 shareholder incentive mechanisms have not yet been defined.

B. Cost-effectiveness

Under the Summer Initiative process adopted in D.00-07-017, the Commission has determined that the Commission will pre-select the programs to be funded with this special fund. Because the Summer Initiative may represent a larger or smaller share of one utility's portfolio relative to another, we find that

requiring utilities to treat the Summer Initiative proposals as part of their portfolio for meeting the portfolio cost-effectiveness standard could have unintended consequences. We will not require the utilities to do so. Further, because of the emergency nature of this action, and our desire to explore new, innovative programs that may produce near-term demand and energy usage reductions, we will evaluate the cost-effectiveness of these programs separately from the other utility-administered energy efficiency programs developed and proposed for PY 2000 and PY 2001. This is not to say that we are abandoning the cost-effectiveness criteria; on the contrary, as we explained above, we expect the programs funded under the Summer Initiative to be cost-effective. However, we will not subject them to the same standards and protocols to which the other programs are subjected.

C. Utilities' Reports on Summer Initiative Programs

The utilities are directed to track and report on the progress of the Summer Initiative programs in all reports to the Commission, including quarterly progress reports. The programs should be tracked separately from the PY 2000 and PY 2001 energy efficiency programs and should be reported separately.

Further, the utilities should report on the program impacts, including energy and demand savings achieved, as part of their PY2001 Annual Earnings Assessment Proceeding (AEAP), in the applications currently scheduled to be filed in May 2002. While we will not evaluate the programs for the purpose of determining entitlement to shareholder earnings, we will review the accomplishments in this public process to guide future programs. We expect the utilities to present program results in a complete and reasonable fashion and, as discussed above, program implementers should commit to making all relevant data available for this purpose.

IT IS RULED that:

1. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) are directed to fund the Summer Initiative in the following amounts: (1) PG&E: $34.78 million; (2) SCE: $21.28 million; (3) SDG&E: $12.25 million; and (4) SoCalGas: $4.00 million.

2. Funds for the Summer Initiative shall be spent during the period September 1, 2000 through December 31, 2001.

3. The utilities shall file, by October 16, 2000, a report setting forth a complete accounting of current and projected unspent funds as of September 30, 2000, segregated by electric and gas, for: (1) pre-1998 DSM funds; (2) PY1998 unspent funds; (3) PY1999 unspent funds; and (4) projected PY2000 unspent funds.

4. The following programs shall be funded through the Summer Initiative in the amounts stated:

Implementer	Program	PG&E	SCE	SDG&E	SoCalGas	Total
		(in thousands of dollars)				
New Statewide Programs						
Ecos	Torchiere replacement	350	250	150		750
Utilities / ARCA	Refrigerator recycling	5,500	1,200	3,000		9,700
Utilities / third parties	Third Party targeted solicitation	3,500	1,700	1,000		6,200
Utilities	Pool pump efficiency and timers	2,500	3,000	500		6,000
UC / CSU	Campus energy efficiency	2,500	3,500	2,000		8,000
Utilities / Res-Team	Residential and small commercial standard offer	3,700	2,600	1,500	4,000	11,800
Utilities / cities	LED rebate program	12,500	7,500	4,000		24,000
Ongoing Statewide Programs						
Utilities	Large and Small SPC program modifications	0	0	0	0	0
Utilities	Express Efficiency program modifications	0	0	0	0	0

Projects in Specific Locations						
City of Oakland	Energy efficiency design improvement	300				300
City of Oakland	Green LED traffic lights	504				504
City of Oakland	Museum chiller replacement	291				291
SDG&E	Whole House Fans			100		100
SDG&E	Torchiere Turn-In			50		50
Humboldt Creamery	Energy efficiency measures	100				100
Presidio Trust	Energy efficiency measures	500				500
COPE	Pumping efficiency	2,500	1,500			4,000
TOTAL FUNDING		**34,745**	**21,250**	**12,300**	**4,000**	**72,295**

5. These programs are funded only through December 31, 2001.

6. No programs or activities are approved through the Summer Initiative unless specifically provided herein.

7. The utilities shall enter into contracts similar to the contracts used for their existing TPI programs with the non-utility implementers of the selected programs and complete contract signatures by September 11, 2000.

8. The selected programs shall be implemented by September 11, 2000.

9. All programs shall be cost-effective, defined as achieving a 1.0 minimum ratio using the total resource cost test, at a minimum, on an *ex ante* basis. We recognize that some of the programs may be designed to verify cost effectiveness on an *ex post* basis, e.g., certain TPIs, and we encourage that approach as much as possible. The utilities shall ensure that they have all data in hand to demonstrate compliance with these cost-effectiveness requirements.

10. The non-utility program implementers shall submit to the managing utility their estimates of program impact and all necessary data for program auditing and verification at the conclusion of the program, as specified herein.

11. The utilities shall provide estimates of program impact and all necessary data for program auditing and verification for the programs they administer and implement at the conclusion of the program.

12. Programs approved for funding under the Summer Initiative shall not be included in the utilities' PY 2000 or PY 2001 program portfolios for purposes of either shareholder incentive mechanisms or cost-effectiveness inputs and protocols.

13. The utilities shall track and report on the progress of Summer Initiative programs in all reports to the Commission, including quarterly progress reports.

14. The utilities shall track budgets and spending associated with the Summer Initiative programs separately from their other energy efficiency program expenditures.

15. The utilities shall report on the program impacts, including energy and demand savings achieved, as part of their PY2001 Annual Earnings Assessment Proceeding (AEAP), in the applications currently scheduled to be filed in May 2002.

Dated August 21, 2000, at San Francisco, California.

/s/ LORETTA LYNCH
Loretta Lynch
Assigned Commissioner

/s/ JOSIAH L. NEEPER
Josiah L. Neeper
Assigned Commissioner

/s/ LINDA R. BYTOF
Linda R. Bytof
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Ruling of Assigned Commissioners and Administrative Law Judge on Summer 2000 Energy Efficiency Initiative on all parties of record in this proceeding or their attorneys of record.

Dated August 21, 2000, at San Francisco, California.

/s/ FANNIE SID
Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

* *

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.

(For Appendix A, see Acrobat Version online.)

APPENDIX A

DETAILED DESCRIPTIONS OF SELECTED SUMMER INITIATIVE PROGRAMS/PROJECTS

NEW STATEWIDE PROGRAMS

PROGRAM 1: BEAT THE HEAT: REPLACEMENT OF HALOGEN TORCHIERES IN COMMERCIAL AND INSTITUTIONAL BUILDINGS – ECOS CONSULTING

Program Description

This program targets commercial and institutional users of halogen torchiere lamps and encourages them to replace those lamps with Energy Star models that save energy and demand, improve building comfort, and eliminate fire danger. The program also provides for recycling of halogen torchieres that are replaced.

Rationale for Selection

This program is distinct from other utility-sponsored lighting retrofit programs because it targets customers caught in the middle ground between residential and commercial lighting programs. Residential programs typically reach single-family homeowners while commercial programs are focused on built-in fixtures and not task lighting. Thus, lighting in buildings targeted by this program, such as dormitories, nursing homes, and small commercial offices, represents an underserved market that this program is uniquely designed to address. In addition, the demand and energy savings related to this program are relatively simple to estimate and verify.

Budget Allocation

Utility	Contribution
PG&E	$350,000
SCE	$250,000
SDG&E	$150,000
Total	**$750,000**

Contracting Mechanism

We are directing SDG&E to contract with Ecos Consulting to provide this program in all three electric utilities' service territories. PG&E and SCE should cost share with SDG&E, but SDG&E should manage the contract.

Method of Savings Verification

As part of its services under this program, Ecos Consulting should submit a summary of program activities as well as an estimate of demand and energy savings impacts. Though this activity is mentioned in passing in the Ecos proposal, it was not included in the original program budget. We have augmented the program budget by $10,000 from the original $740,000 requested in order to provide for Ecos to prepare a final report detailing program energy and demand savings impacts.

Program Modifications Required

Due to the immediate need for electricity bill reduction in the San Diego metropolitan area, the Commission directs that this program begin activity in that region. The San Francisco Bay Area is the second priority for program activity, due to localized transmission constraints. Ecos Consulting and SDG&E should also consult with SCE to determine priority geographic target areas within its service territory for program deployment.

PROGRAM 2: RESIDENTIAL REFRIGERATOR RECYCLING – APPLIANCE RECYCLING CENTERS OF AMERICA (ARCA)

Program Description

This program targets residential consumers who operate spare refrigerators and freezers (referred to collectively as appliances), and uses financial incentives to take the spare units out of service by recycling them. Decision D.00-07-017 directed each of California's utilities to implement a refrigerator / freezer recycling program. Currently, only SCE offers a refrigerator / freezer recycling program. Under this proposal, all utilities should contract with ARCA, through SCE, to implement a refrigerator / freezer recycling program that would meet the directive of D.00-07-017.

In this program, energy demand will be reduced by taking spare appliances out of service in all of the utilities' territories. Consumers will receive free appliance removal, an incentive fee of $75 for surrendering the appliance, and the appliance will be recycled by ARCA at their Compton, CA facility.

Rationale for Selection

SCE's Refrigerator / Freezer recycling program has yielded significant energy reduction benefits to residential users in SCE's service territory, and we are confident that expanding to critical target areas in California will have additional benefits. ARCA has already developed a proven delivery mechanism and experience in recycling the refrigerators in an environmentally sound manner.

Budget Allocation

Utility	Contribution
PG&E	$5,500,000
SCE	$1,200,000
SDG&E	$3,000,000
Total	**$9,700,000**

Contracting Mechanism

We direct SCE to contract with ARCA to provide this program in all three electric utilities' service territories. PG&E and SDG&E should cost share with SCE, but SCE, since it already works with ARCA on its existing program, should manage the program for the purposes of streamlining administration and oversight.

Method of Savings Verification

As part of its services under this program, ARCA should submit to the Commission a summary of program activities as well as an estimate of demand and energy savings impacts.

Program Modifications Required

We recommend funding the program at a lower level than requested by ARCA, given the breadth of priorities for the Summer Initiative, and the accessibility of the program.

SCE's program shall be expanded by an additional $1.2 million through PY2001. In PY2000, ARCA shall focus on the following regions that are experiencing critical energy constraints: San Diego, San Francisco, San Mateo, and Santa Clara counties. In PY2001, ARCA should add Alameda, Contra Costa, Santa Cruz, and Marin Counties to its target areas.

PROGRAM 3: THIRD PARTY INITIATIVES FOR SUMMER DEMAND REDUCTION – PG&E, SCE, AND SDG&E

Program Description

These programs will be modeled on the third party initiatives (TPIs) that the utilities have solicited in the past. This solicitation will be slightly different than past TPIs, however, because it will specifically ask bidders to identify peak demand reduction opportunities, rather than simply energy savings. The purpose of the TPIs is to solicit innovative and unique ideas and technologies from the marketplace. We adopt this program for PG&E, SCE, and SDG&E, using a program description similar to that submitted by PG&E.

Rationale for Selection

Offering this program will allow the utilities to conduct a more complete version of the Summer Initiative. We expect that the solicitation will be sent to a broader audience than those companies who found out about the Summer Initiative, and will therefore allow the utilities to gather even more innovative program ideas and delivery mechanisms to benefit consumers.

Budget Allocation

Utility	Contribution
PG&E	$3,500,000
SCE	$1,700,000
SDG&E	$1,000,000
Total	**$6,200,000**

Contracting Mechanism

Each utility shall offer this solicitation for its own service territory, though utilities may choose, if they wish, to pool funds to offer statewide programs where there may be statewide benefits. The contracting mechanism should be entirely analogous to the current method used for TPIs under the utilities' ongoing program portfolios.

Method of Savings Verification

As with the current TPIs, each proposal should be required to include a detailed measurement and verification plan for verifying demand and energy impacts. When required, the utilities should conduct independent inspection and / or verification of the energy and demand savings.

Program Modifications Required

We are aware that PG&E has already issued a solicitation in anticipation of receiving Summer Initiative funding. We require that PG&E extend the deadline for accepting proposals as part of that solicitation by at least two weeks, to accommodate proposers who may have been eligible to receive funding through the Summer Initiative but were not funded, or who may otherwise wish to submit a proposal under more certain regulatory authority. In fact, we authorize this third party demand solicitation partially in response to comments that suggested that some parties worthy of implementing programs may not have been aware of the Summer Initiative effort, since it was not an official solicitation with wide distribution. Therefore, we support keeping a level playing field for all companies with competing technologies and ideas by requiring all utilities to conduct an open solicitation.

We also require that the utilities coordinate, to the extent practicable, reporting of program results and cost-effectiveness with any guidelines established as part of the

program planning process being conducted in parallel for the utilities' regular TPIs (non-summer-initiative-related) for PY2001.

PROGRAM 4: POOL EFFICIENCY PROGRAMS – PG&E, SCE, AND SDG&E

Program Description

All three utilities submitted various versions of this program. We prefer PG&E's approach to the program, which separates the program elements into three categories: pool pump conversion, timers, and direct load control. We direct all three utilities to implement the pool pump conversion and timer elements of the program, but not the direct load control. Thus, this program will incorporate both pool pump efficiency and time-of-day controls, for an integrated approach to pool electricity use.

Rationale for Selection

While the pool pump conversion element provides long-term energy savings benefits to customers, the addition of the timer element will help alleviate system peak demand by scheduling pool pump operation for off-peak hours and shortening the length of time pool pumps operate. Thus, the program can achieve both energy and demand savings quickly. In addition, for consumers with pools, pool pumps represent one obvious target for energy and demand savings that is relatively cost-effective for the utilities to encourage through pool contractors and maintenance companies.

Budget Allocation

Utility	Contribution
PG&E	$2,500,000
SCE	$3,000,000
SDG&E	$500,000
Total	**$6,000,000**

Contracting Mechanism

We are directing each utility to offer its own pool pump efficiency and timer program in its own service territory. However, the utilities should coordinate their program designs to ensure a consistent program statewide, including using the same assumptions about measure life, equal incentive levels, and coordinated marketing approaches, to take advantage of any program synergies and avoid duplication of effort.

Method of Savings Verification

PG&E's suggested method of savings verification is our preferred approach. A brief baseline study to determine duty cycles of existing pool pumps to estimate on-peak

usage is appropriate and should be coordinated among all three electric utilities. The utilities should also take advantage of any data collected previously (including pre-1998) if it is still applicable. Then utilities should employ random inspections and short-term time-of-use data loggers on a percentage of installed pumps and timers to estimate savings impacts from the program before the end of 2001.

Program Modifications Required

The chosen program approach is summarized above. For more information about our preferred program design approach, please refer to Energy Division Resolution E-3687.

PROGRAM 5: CAMPUS ENERGY EFFICIENCY PROJECTS – UNIVERSITY OF CALIFORNIA AND CALIFORNIA STATE UNIVERSITIES

Program Description

The California State Universities, in conjunction with the University of California system (referred to collectively as UC/CSU), submitted a wide range of projects for Commission consideration. UC/CSU's submittal describes a number of specific projects for various buildings on it numerous campuses, and shall not be discussed in detail here.

Rationale for Selection

The projects at the campuses should significantly reduce demand across all regions of the state. Some specific projects are more cost effective than others, and we expect UC/CSU to prioritize the projects that would yield the most cost effective demand reductions in the most expeditious manner.

Budget Allocation

Utility	Contribution
PG&E	$2,500,000
SCE	$3,500,000
SDG&E	$2,000,000
Total	**$8,000,000**

Contracting Mechanism

We direct each utility to contract separately with UC/CSU for funding in the amounts specified above. The utilities should work with CSU to identify the specific projects at each campus within their service territories to be funded through this Summer Initiative.

Method of Savings Verification

UC/CSU should submit to each utility a brief report at the conclusion of PY 2001, summarizing the estimated energy savings that resulted from the program at the campuses in the particular utility's service territory. For each individual project, the report should include the total cost of for the project, the total amount of Summer Initiative funds used in that project, and the estimated kW (on-peak) and annual kWh energy savings achieved through the project.

Program Modifications Required

The projects proposed by UC/CSU cover the entire range of energy efficient and load shifting technologies. Based upon our selection criteria, the funds we grant to *CSU shall not be used for cogeneration projects*. Motor replacement and cooling projects shall be favored over lighting projects.

The money contributed by each utility shall go toward projects within that utility's service territory. UC/CSU is given the authority to select which projects and campuses receive funding. Summer Initiative funds are incentive funds, and should also not be used to fund an entire project's cost; we expect UC/CSU to partially fund each project with monies from other sources.

PROGRAM 6: RESIDENTIAL HARD TO REACH (MULTI-FAMILY) PROGRAM – ALL UTILITIES

Program Description

This program selection is based on the submission by members of Res-Team (a group of energy service companies serving the residential market). By authorizing this program, we adopt the majority, but not all, of Res-Team's recommended program design, but direct the utilities to ensure that this program complements, and does not compete with, their other residential program offerings. The program targets primarily multi-family residential and small commercial buildings, with water heating, common area lighting, building shell, and HVAC insulation and infiltration measures.

Rationale for Selection

The most important reason for the selection of this program is to return Summer Initiative benefits to the residential ratepayers who contributed the majority of the funds that make up the Summer Initiative budget. In addition, we continue to be concerned about reaching underserved customer segments, including multi-family. Though this program is, by nature, not as cost-effective as some of our other selections, we are confident that the streamlined program design and administration recommendations of Res-Team can help this program deliver fast and effective savings to these consumers.

Budget Allocation

Utility	Contribution
PG&E	$3,700,000
SCE	$2,600,000
SDG&E	$1,500,000
SoCalGas	$4,000,000
Total	**$11,800,000**

Contracting Mechanism

We direct all four utilities to implement this program as a standard offer. Funding should be available on a first-come, first-served basis to any contractor (including members of Res-Team) that can demonstrate ability to deliver the program to consumers. We leave the definition of exact contract provisions up to the discretion of the utilities.

Method of Savings Verification

We agree with the Res-Team proposal that deemed savings are the most effective means of expediting program implementation for this type of program in these customer segments. The deemed savings represented in the Res-Team proposal are reasonable figures, but we leave the final incentive amounts associated with those deemed savings up to the discretion of utility program designers. The Res-Team proposal acknowledges that there is more work to be done to estimate savings associated with HVAC and shell measures. The utilities should work to establish these deemed savings in consultation with members of the energy services community.

Program Modifications Required

We adopt the Res-Team program concept in principle as a reasonable program design. This program design, however, is more similar to the residential SPC program offered in 1998 than the utilities' current residential contractor program. We specifically wish to avoid selection of projects through a lottery system as was done in 1998. Therefore, the program design should specifically include the following provisions similar to those in the Res-Team proposal:

- The program budget should be allocated in small increments to be defined by the utilities and payment should be contingent upon specific milestones outlined in the contract.
- Once the contractor has completed milestones associated with its first block of funding, it may apply for additional blocks of funding (subject to the same completion requirements), as long as program funds remain available.

- The budget allocated to one contractor should be limited to 20% of the overall program budget.

PROGRAM 7: LED TRAFFIC SIGNAL REBATE PROGRAM – PG&E, SCE, AND SDG&E

Program Description

This program is designed to encourage the retrofit of traffic lights from traditional incandescent bulbs to light emitting diode (LED) traffic lamps. Incentives will be available to governmental agencies and cities on a statewide basis, for the retrofit of all colors of traffic lights, individually or as a package.

Rationale for Selection

LED traffic lights are relatively easy to install, represent extremely reliable energy savings of up to 85% over traditional incandescent bulbs, and can be installed quickly in time for the summer of 2001.

Budget Allocation

Utility	Contribution
PG&E	$12,500,000
SCE	$7,500,000
SDG&E	$4,000,000
Total	**$24,000,000**

Contracting Mechanism

We are directing each utility to offer its own LED traffic signal rebate program in its own service territory. However, the utilities should coordinate their program designs to ensure a consistent program statewide, including using the same assumptions about measure life, equal incentive levels, and coordinated marketing approaches, to take advantage of any program synergies and avoid duplication of effort.

Method of Savings Verification

Since energy and demand savings associated with LED traffic signals is relatively reliable, utilities should simply track and audit the numbers of traffic signals installed and calculate energy and demand savings using engineering estimates. Spot checks or inspections may also be employed.

Program Modifications Required

All three utilities should utilize SDG&E's two-part program approach: 1) allowing funds to be reserved in advance; and 2) paying incentives after verification of LED installation. Incentives should be designed aggressively to encourage fast change-out of traffic lamps. The program description submitted by SDG&E also makes it clear that local government budgeting and procurement processes may require a substantial amount of time to gain approval from appropriate city councils or other decision-makers. However, if utilities wish to introduce measures to encourage replacement by June 1, 2001, such as increased incentives for meeting that deadline, utilities are free to do so. In addition, utilities should consider funding limitations per participant, in order not to concentrate the benefits in a small number of locations. In addition, no incentives should be offered for LED traffic light replacement through any other utility program, including the SPC programs.

ONGOING STATEWIDE PROGRAMS

PROGRAM 8: LARGE AND SMALL STANDARD PERFORMANCE CONTRACT (SPC) PROGRAM REVISIONS – PG&E, SCE, AND SDG&E

Program Description

All three electric utilities submitted proposals to modify their large and small SPC programs in order to reward projects that have relatively larger peak demand reduction benefits and are installed by Summer 2001. We address only the incentive pricing portion of the requested program design changes in this Summer Initiative. Other program design changes should be included in the PY2001 planning process being conducted in parallel. In this ruling, we adopt only the following changes:

- Utilities may offer an additional incentive of up to 10% on projects for which there is already a signed contract, if measure installation can be completed and verified by the utility before June 1, 2001.
- For any new projects, for which there is no signed contract as of the date of this ruling, utilities should redesign their incentive pricing to reflect both energy and demand benefits of particular measure installations. Options for the incentive pricing include paying incentives for both kW and kWh reductions, or offering seasonal pricing. We leave the exact design of the incentive up to utility discretion, since it will also influence how savings are measured and verified.

We require that all utilities coordinate their efforts to implement the same incentive pricing structure on a statewide basis.

Rationale for Selection

We direct the utilities to implement these program design changes because they will both help accelerate the energy efficiency projects already underway, and create greater incentives for customers and their energy service companies to prioritize energy efficiency retrofits that also create peak demand savings.

Budget Allocation

We see no compelling reason that the utilities should require additional budget to implement these changes. Ongoing program monitoring should already be reflected in the utilities' budgets for administering these programs. Since we do not believe that any utility has yet exhausted or fully committed its incentive budget for the SPC programs

for PY2000, utilities should also be able to implement these changes without additional incentive funding.

Contracting Mechanism

This should remain the same as in the current SPC programs.

Method of Savings Verification

No change from the current SPC programs, unless agreed to separately as part of the PY2001 planning process. Additional or different measurement and verification requirements may be required of participants in order to determine demand and energy impacts and to substantiate incentive payment requests.

Program Modifications Required

All of the utilities submitted program design changes that included the changes described here, as well as others. Unless the program changes are specifically described in this section, they should be addressed during the PY2001 planning process.

PROGRAM 9: EXPRESS EFFICIENCY PROGRAM REVISIONS – ALL UTILITIES

Program Description

All utilities also proposed Express Efficiency program design changes. We authorize only one of the proposed changes: revised rebate amounts for measures that provide high peak demand reduction impacts. The new rebates may only be offered to customers making new applications to the program. Under no circumstances should utilities offer greater rebates for measures that are already being installed as of the date of this ruling. We also expressly deny any requests to open the Express Efficiency programs to larger customers; the program should be limited to those customers who are currently eligible. We also require that all utilities coordinate their efforts to implement the same incentive pricing structure on a statewide basis.

Rationale for Selection

Changing the incentive structure for the Express Efficiency rebates will allow utilities to encourage the installation of more measures that have higher peak demand reduction characteristics, such as HVAC and motors. These program design changes may also be implemented quickly, in order to encourage activity before the summer of 2001.

Budget Allocation

As with the SPC program design changes above, we see no compelling reason why the utilities should require additional budget to implement these changes. Similarly, since

we believe there is still budget left for rebates in PY2000 budgets, we do not grant additional incentive budget through this Summer Initiative.

Contracting Mechanism

This should remain the same as in the current Express Efficiency programs.

Method of Savings Verification

No change is required from the current Express Efficiency program approach.

Program Modifications Required

See program description above.

ENERGY EFFICIENCY PROJECTS AT SPECIFIC SITES

PROJECT 1: ENERGY EFFICIENCY DESIGN IMPROVEMENT – CITY OF OAKLAND

Description

This project will promote energy efficiency within Oakland by providing energy design and technical assistance to new construction projects that are already underway. By using the City's building and zoning plan check and permit issuance department, Oakland expects to have contact will all of the numerous new large construction projects within the city. Oakland is experiencing rapid growth and will provide technical assistance to those projects that it identifies as having energy efficiency opportunities immediately.

Rationale for Selection

This program takes a creative approach for improving the energy efficiency of new construction projects, and targets multi-family, single-family, and low-income dwelling units. The City will provide energy efficiency technical assistance to new construction projects and planned renovations already occurring. This program has the potential to yield energy efficiency gains for a wide range of consumers, from residential to commercial.

Budget Allocation

Utility	Contribution
PG&E	$300,000

Contracting Mechanism

We direct PG&E to fund Oakland's Energy Efficiency Design Improvement Program in the amount of $300,000.

Method of Savings Verification

As part of its services under this program, we direct Oakland to submit to PG&E a brief report at the conclusion of PY 2001 summarizing the estimated energy savings that resulted from the program. In addition, the report should include the amount of money

spent on the program, and a listing of the construction projects that benefited from Oakland's technical assistance, along with their estimated energy and demand savings.

Program Modifications Required

It is the intent of the Commission to use the Summer Initiative program to reduce electricity demand for summer 2001. To that end, the program funds given to Oakland are intended to be used for immediate projects that have reasonable expectations of being completed by summer 2001.

PROJECT 2: GREEN LED TRAFFIC LIGHTS – CITY OF OAKLAND

Description

In implementing this project, the City of Oakland will retrofit 595 traffic intersections with green LEDs to reduce traffic light energy consumption. The project will replace both green bulbs and green arrows, and is estimated to save 154 kW and 1,700,000 kWh by the summer of 2001.

Rationale for Selection

Because the City of Oakland made a specific and very detailed proposal for LED traffic signal retrofit, we elected to fund this separately from the general authorization for a utility-sponsored LED rebate program statewide. The energy and demand savings associated with this project are certain and Oakland is ready to implement the retrofit immediately.

Budget Allocation

Utility	Contribution
PG&E	$504,000

Contracting Mechanism

We direct PG&E to fund the retrofit of Oakland's green LED traffic signals in the amount of $504,000.

Method of Savings Verification

As part of its contract with PG&E, the City of Oakland should submit a short report to PG&E, including any data necessary to estimate the amount of energy and demand savings associated with the traffic light retrofits. This could include, but is not limited to, engineering estimates and spot metering data. PG&E and the City of Oakland should work together to ensure reasonable and accurate verification of project benefits.

Program Modification Required

No modifications required. We do stipulate that the City of Oakland should not receive any further rebates from PG&E's new LED rebate program for the traffic lights replaced as part of this project. Should Oakland propose to retrofit any additional traffic lights in the future, however, Oakland may apply to rebate program funding.

PROJECT 3: MUSEUM CHILLER IMPROVEMENT PROJECT – CITY OF OAKLAND

Description

Oakland's Museum Chiller Plant Improvement project will replace the current chillers operating at the Oakland Museum of California with new energy efficient models. The City of Oakland requests an incentive amount of $291,000 that will be bolstered by $137,000 of City funds to help pay for the $505,000 total project cost. The project will save an estimated 30 to 60 kW on peak, netting an estimated annual kWh reduction of 150,000 to 300,000 kWh.

Rationale for Selection

This program will yield significant peak and annual power savings, and will be in effect by May 2001. We understand that this program would not have sufficient funding to go forward before next summer without the assistance of Summer Initiative funds. We find that this project fits with the guidelines for the Summer Initiative: it reduces energy use by summer 2001, provides the incentive necessary for the project to go forward, and is cost effective.

Budget Allocation

Utility	Contribution
PG&E	$291,000

Contracting Mechanism

We direct PG&E to enter into a contract with the City of Oakland to fund the Museum Chiller Plant Improvements project in the amount of $291,000.

Method of Savings Verification

As part of its contract with PG&E, the City of Oakland should submit to PG&E any data necessary to estimate the amount of energy and demand savings associated with this chiller retrofit. This could include, but is not limited to, engineering estimates and spot metering data. PG&E and the City of Oakland should work together to ensure reasonable and accurate verification of project benefits.

Program Modifications Required
No modifications are required.

PROJECT 4: WHOLE HOUSE FANS – SDG&E

Description
This program will inform consumers about the installation and operation of whole house fans, and provide financial incentives to customers who chose to install whole house fans. Whole house fans are an energy efficient alternative to operating air conditioning units to cool living space during evening hours. A typical whole house fan consumes only 1/10 the electric energy of a typical air conditioner. SDG&E has identified non-Summer Initiative funds to implement a pilot program for PY2000, and hopes to install whole house fans in 100 homes over that time period. For summer 2001, SDG&E requests $100,000 in incentive monies from the Summer Initiative program, and estimates annual energy savings of 221 MWh for the installations for summer 2001.

Rationale for Selection
This program targets residential customers and is a cost-effective means of reducing residential demand in the San Diego area which is experiencing high energy costs as well as transmission constraints.

Budget Allocation

Utility	Contribution
SDG&E	$100,0000

Contracting Mechanism
We direct SDG&E implement its whole house fan rebate plan as proposed using $100,000.

Method of Savings Verification
As part of its services under this program, SDG&E should submit a summary of program activities as well as an estimate of demand and energy savings impacts.

Program Modifications Required
No program modifications required.

PROJECT 5: HALOGEN TORCHIERE TURN-IN – SDG&E

Description

This program targets lower income users of halogen torchiere lamps and encourages them to replace those lamps with Energy Star models that save energy and demand, improve building comfort, and eliminate fire danger. The program also provides for recycling of halogen torchieres that are replaced. In 2000, SDG&E will run several "turn in events" at community centers around its service territory where SDG&E would exchange the older halogen torchieres from participants who qualify with new Energy Star qualified CFL torchieres. SDG&E estimates this program would save 0.24 MW of peak load.

Rationale for Selection

This program targets the "working poor" and senior citizens on fixed incomes that fall outside the standard range of low-income assistance programs. These groups typically would not be able to afford a new energy efficient torchiere. In addition, the Commission finds this program attractive because it helps meet the immediate and urgent goal of reducing demand in the highly congested San Diego region.

Budget Allocation

Utility	Contribution
SDG&E	$50,0000

Contracting Mechanism

We direct SDG&E implement its torchiere turn in event as proposed using $50,000.

Method of Savings Verification

As part of its services under this program, SDG&E should submit a summary of program activities as well as an estimate of demand and energy savings impacts.

Program Modifications Required

SDG&E should coordinate with Ecos Consulting to avoid duplication of program efforts.

PROJECT 6: ENERGY EFFICIENCY MEASURES – HUMBOLDT CREAMERY

Description

This program will reduce hourly demand by installing energy efficient equipment to meet the Creamery's water pumping needs, and by replacing pond effluent aeration devices with more efficient equipment. The Creamery has requested $60,000 in incentives to implement the water pump efficiency project, and $40,000 to complete the aeration unit replacement project. The Creamery estimates energy savings of 500,000 to 700,000 kW from the combined projects.

Rationale for Selection

This program helps meet the goals of the Summer Initiative program because it can begin reducing demand this summer and will be completed in summer 2001. This program is comparatively low-cost, and targets a customer that has not been reached by ongoing utility programs.

Budget Allocation

Utility	Contribution
PG&E	$100,000

Contracting Mechanism

We direct PG&E to enter into a contract with the Humboldt Creamery Association to fund this project in the amount of $100,000.

Method of Savings Verification

As part of its contract with PG&E, the Creamery should submit to PG&E any data necessary to estimate the amount of energy savings associated with these two projects. This should include, but is not limited to, the auditing information discussed in the Creamery's submitted proposal.

Program Modifications Required

No modifications are required.

PROJECT 7: ENERGY EFFICIENCY MEASURES – PRESIDIO TRUST

Description

The submittal from the Presidio Trust proposes a number of energy efficiency measures, ranging from commercial and residential lighting retrofits, to motor

replacements and energy management systems. The Presidio Trust requests $759,900 to complete all of the programs in its submittal. We shall approve funding for energy efficiency programs at the Presidio Trust in the amount of $500,000, with the stipulation that motor and cooling system upgrades be given the highest priority because energy efficient lighting systems should already be more economic.

Rationale for Selection

The projects proposed by the Presidio Trust help meet the goals of the Summer Initiative program by reducing demand in the transmission constrained San Francisco Bay Area.

Budget Allocation

Utility	Contribution
PG&E	$500,000

Contracting Mechanism

We direct PG&E to enter into a contract with the Presidio Trust to fund their residential and commercial energy efficiency measures in the amount of $500,000.

Method of Savings Verification

As part of its contract with PG&E, the Presidio Trust should submit to PG&E any data necessary to estimate the amount of energy and demand savings associated these programs. This could include, but is not limited to, engineering estimates and spot metering data. PG&E and Presidio Trust should work together to ensure reasonable and accurate verification of project benefits.

Program Modifications Required

The Commission finds that the programs within the Presidio Trust's proposal meet many of the selection criteria for the Summer Initiative program. We will not grant the full $759,900 requested because the Presidio Trust is expected to share some of the cost of the project. The Commission also finds that lighting retrofits are already relatively inexpensive, and therefore finds targeting motor replacement and cooling measures to be the use of incentive funds that is the most consistent with the Summer Initiative program goals.

PROJECT 8: PUMPING EFFICIENCY PROJECTS – CALIFORNIA OIL PRODUCERS ELECTRIC COOPERATIVE (COPE)

Description

This program reduces peak load by replacing or modifying inefficient pumping systems and equipment using tested technologies that would control pump operations, replacing or modifying pump motors, installing variable frequency drives, and optimizing various systems.

Rationale for Selection

COPE has identified transmission system congestion zones in SCE and PG&E service territories as the target locations for these pumping upgrades. The proposal would utilize proven technologies, is cost effective, and would not be undertaken before next summer without the added incentive of Summer Initiative funds.

Budget Allocation

Utility	Contribution
PG&E	$2,500,000
SCE	$1,500,000
Total	**$4,000,000**

Contracting Mechanism

We direct PG&E to contract with COPE to provide this program in its territory and SCE's. SCE should cost share with PG&E, but PG&E should manage the contract for purposes of streamlining administration and oversight. COPE will be responsible for working with the oil refinery operators to share the private funds with public incentive funds to cover equipment, installation, and administrative costs for the program, as well as to select the exact locations and measures for implementation. Funds allocated to COPE by SCE and PG&E must only be used on refineries within their respective service territories.

Method of Savings Verification

As part of its services under this program, COPE shall follow the measurement and verification plan submitted in its proposal, and deliver a report at the conclusion PY 2001.

Program Modifications Required

No program modifications required.