BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budgets (U39M).	Application 12-07-001 (Filed July 2, 2012)
And Consolidated Matters.	Application 12-07-002 Application 12-07-003 Application 12-07-004

JOINT COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON SUPPLEMENTAL INFORMATION FILED ON SEPTEMBER 5, 2012 IN RESPONSE TO SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

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September 14, 2012

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Pursuant to the August 27, 2012 "Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge" ("Ruling"), San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas" or "SCG") (also referred to as "Joint Utilities") hereby provide their Comments on Supplemental Information filed September 5, 2012. The Joint Utilities also provide additional Supplemental Information as requested in Attachment D of the Ruling at this time, as directed by e-mail ruling from ALJ Fitch, dated August 31, 2012. The Joint Utilities also note the ALJ Ruling provides the opportunity in these Comments to raise additional comments or concerns on other matters within the scope of this proceeding.

SoCalGas' detailed comments in response to Southern California Regional Energy Network ("SoCalREN") responses to the Ruling's Attachment B: Regional Energy Network are contained in *Attachment A: Southern California Gas Company and San Diego Gas & Electric Company Response to September 5, 2012 Response of the Sothern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks.*

The Joint Utilities detailed response to the questions in the Ruling's Attachment D are contained in *Attachment B: San Diego Gas & Electric Company and Southern California Gas Company Joint Response to Ruling: Attachment D: All Interested Parties.*

I.
BACKGROUND

In addition to filing Applications (A.) 12-07-002 (SDG&E) and A.12-07-003 (SoCalGas) for approval of proposed Energy Efficiency Programs for the 2013 – 2014 program cycle, the Joint Utilities filed Replies to Protests and Responses of Interested Parties, and Responses to Ruling Attachments A (Utilities), A.2 (Specific Questions for SDG&E) and A.3 (Specific Questions for SCG). The latter consisted of 83 general questions to the Joint Utilities, 19 additional questions to SDG&E, and 6 additional questions to SCG. The Joint Utilities also note that discovery has been conducted by Commission Staff and other interested parties to the proceeding.

The Joint Utilities' therefore submit their Applications are thus complete, in compliance with Commission Decision (D.) 12-05-015,[1] and consequently do not provide further comment at this time on their respective proposals. Indeed, Commissioner Ferron expressed his approval by stating: "…overall, I'm pleased with the portfolios that we're considering" at the Prehearing Conference.[2] The Joint Utilities thus move for the approval of their Energy Efficiency program proposals, including their alternative program proposals relating to treatment of the Whole House Upgrade Program, the Custom Measures and Projects Process and Net to Gross Factor, and Local Government Partnership offerings.[3]

II.
JOINT UTILITIES RESPONSE TO REGIONAL ENERGY NETWORK ("REN") PROPOSALS

The Joint Utilities have also filed Responses to the Motions for Consideration of CRHMFA Homebuyers Fund (CHF) Energy Retrofit Program Proposal for Local Government

[1] Decision Providing Guidance on 2013 – 2014 Energy Efficiency Portfolios and Marketing, Education, and Outreach, dated 5/10/2012.
[2] Public Prehearing Before Administrative Law Judge Julie Fitch, Thursday August 16, 2012 in A.12-07-001 et. al., p. 5.
[3] The Ruling denied the SoCalGas alternative program proposals relating to Financing Programs, and Marketing, Education and Outreach.

Regional Energy Network (CHF REN) and Southern California Regional Energy Network (SoCalREN).[4] Since that time CHF has filed a motion for withdrawal for consideration of its CHF REN, acknowledging that following review of responses from the California Investor Owned Utilities (IOUs) that the program proposal "is indeed duplicative."[5] The Joint Utilities agree and support CHF REN's motion for withdrawal.

SoCalGas' earlier Comments regarding the SoCalREN generally expressed an inability to fully understand and/or evaluate the program proposals given the information provided in the submitted motion. In addition, SoCalGas articulated its concerns regarding consistency with Commission standards and repetition of program offerings, and certain issues with the cost effectiveness showing and reported results as they pertained to the Motions submitted by the RENs, in particular the SoCalREN. The Joint Utilities, having intimate knowledge of their own programs, believe the IOUs have a significant, material role in providing information to the Commission regarding the potential overlap or inconsistency between their programs, and the proposed offerings of the RENs.

Attachment D of the "Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge," dated August 27, 2012 (hereafter, the "ALJ Ruling") deals with the nature of Regional Energy Networks (RENs). Many of the questions are conceptual in nature, and provide an opportunity for input regarding the framework, administration, and evaluation of RENs. Certain of the responses are summarized in this section.

First and foremost, the Joint Utilities interest is for such entities, should they be authorized, to work in partnership with Investor Owned Utilities ("IOUs") to resolve such issues in order to extend the value and benefit of Energy Efficiency ("EE") programs. To do so efficiently, REN activities must be closely coordinated with the existing Commission approved activities of the IOUs and their contracted implementers to maximize effectiveness and minimize customer confusion. SCG, having intimate knowledge of its own programs, believes it has a role in providing information to the California Public Utilities Commission ("Commission") regarding potential overlap or inconsistency between its programs and the proposed offerings of

[4] See the August 13, 2012 Reply of Southern California Gas Company (U904G) to Protests and Responses of Interested Parties; and August 13,2012 Reply of San Diego Gas & Electric Company (U902M) to Protests and Responses of Interested Parties.

[5] See Withdrawal of Motion of CRHMFA Homebuyers Fund (CHF) for Consideration of Energy Retrofit Program Proposal for Local Government Regional Energy Network (REN), dated August 31, 2012.

the Southern California REN ("SoCalREN"). The REN activities should be part of the larger utility portfolio, and should fit within and complement utility sponsored programs and activities.

While the Joint Utilities conceptually support the portion of the RENs that address gaps in resources to assist local governments achieve more retrofits, the Joint Utilities do not believe the proposed SoCalREN programs as currently formulated are complementary to the IOU programs, and require further attention to properly scope a successful and prudently sized pilot program. For example, SoCalGas has proposed to provide a "Virtual Energy Center," with services that are duplicated by a proposed SoCalREN "Regional Energy Center." REN activities should consist of programs complimentary to those offered by the IOUs, especially if they are associated with statewide programs. Overlapping and/or competing products between the IOUs and the RENs are not in the best interest of ratepayers who are funding these programs.

REN proposals should be implemented at a pilot scale to start and evaluation of effectiveness should be on a consistent basis as the evaluation of existing IOU administered activities. During the pilot phase of 2013/2014, the Commission should fund pilot-scale REN efforts sufficient to evaluate the effectiveness of the model on a test basis.

Ratepayer-funded programs, regardless of the implementer or administrator, should be subject to the same rules. Therefore, the Commission and its staff should assess REN programs in the same manner as the rest of the IOU portfolio, with the RENs' programs subject to the same Evaluation, Measurement and Verification ("EM&V") treatment and EE policy rules compliance to which the IOUs programs are subject. To that end, the Commission should direct that EM&V efforts be focused on the study and evaluation of the REN framework, including developing success criteria, to inform future portfolio planning. The results of such research could then inform the Commission and stakeholders regarding the propensity for future REN offerings.

In establishing RENs, the Commission must also consider how they will be overseen. The Joint Utilities believe it is appropriate for the RENs to be administered in a manner that is consistent with the oversight the Commission undertakes with the utilities under its jurisdiction, given that the same ratepayers' funds would be used to fund such programs. The Joint Utilities believe the roles of the utility and Commission Staff should be similar to the way Third Party programs are handled, where the utility manages the contract to comply with the scope of activities and metrics approved by the Commission. The utility can thereby enforce the Commission's direction and requirements via contract terms and remedies.

SCG and the SoCalREN have participated in discussions to address some of the noted program issues in Attachment A Sections II – V. The Joint Utilities maintain an interest in working with RENs, similar to relationships with LGPs, and make a series of proposals summarized in the Section VI the Joint Utilities submit would be appropriate for the SoCalREN pilot. In the event ongoing discussions result in a consensus regarding program offerings, the Joint Utilities would look to develop programs reflecting such collaborative endeavors.

III.
JOINT UTILITIES RESPONSE TO COMMUNITY CHOICE AGGREGATORS IMPLEMENTATION OF ENERGY EFFICIENCY PROGRAMS

The Commission has solicited on several previous occasions, comments and conducted a workshop[6] on the procedures that should be adopted to allow Community Choice Aggregator (CCA) to implement EE programs. The Joint Utilities have participated actively in those solicitations and workshops. The Joint Utilities agree with the underlying theme among the various parties' previous comments, which is that the Commission should adopt procedures for CCA administration and funding of EE programs with the overarching goal that CCA EE plans are evaluated "impartially" and for "consistency" with the Commission's overall EE program goals, requirements, and performance standards. The Joint Utilities agree that to provide fair and equitable EE services to all customers that the Commission should evaluate the program proposals consistent with Commission-adopted performance criteria and policy rules. It is also important that the Commission hold all implementers of EE programs to the same standards of accountability. SDG&E also incorporates by reference the concerns it has articulated in its comments on Draft Resolution E-4518 (see Appendix for reference.)

The Joint Utilities strongly recommend that the Commission should only allow CCAs to submit their proposals concurrently with the IOU EE application period and not when the CCA first commences serving its customers. The Commission approves program portfolios that would require the utilities to meet EE savings goals and demand reductions that feed into the Long Term Procurement Proceedings (LTTP) forecasts. If the Commission approves programs and reallocates budgets without a clear process to reassign savings goals, then service territory

[6] The Commission sponsored a workshop on CCAs on September 27, 2010.

EE resources could become unreliable. Furthermore, reallocating budgets could potentially jeopardize third party program implementers and contractors as the budgets assigned to them could be reduced, thereby minimizing their ability to meet their program delivery goals. Therefore, the Joint Utilities recommend that the timing of any CCA application for EE funds and programs should be coincidental with the timing for the utilities and other program implementers (e.g., RENs) applications for funding. To otherwise do so would be prejudicial to program implementers who submitted the applications within the designated period.

IV.
CONCLUSION

In conclusion, the Joint Utilities recommend the following, based on the assessment and responses provided above and the details provided in Attachments A and B:

- REN activities should be part of the larger utility portfolio, and should fit within and complement utility sponsored programs and activities. The utility would manage the REN contracts to comply with the scope of activities and metrics approved by the Commission.
- REN programs should be subject to the same EE Policy Rules and EM&V requirements as the IOU programs.
- The Commission should adopt procedures for Community Choice Aggregator (CCA) administration and funding of EE programs with the overarching goal that CCA EE plans are evaluated impartially and for consistency with the Commission's overall EE program goals, requirements, and performance standards.
- The Joint Utilities strongly recommend that the Commission should allow CCAs to only submit their proposals concurrently with the IOU EE application period and not when the CCA first commences serving customers.
- The Commission should require the SoCalREN to uphold same cost effectiveness standard as IOUs, i.e., the SoCalREN proposal must have an overall portfolio TRC above 1.0. If that is not possible, Los Angeles County, the SoCalREN sponsor, should maintain status as an LGP within SCG portfolio, and be allowed to form as a REN specifically as a pilot and consistent with funding levels for small scale projects to gain

experience a regional entity, and submit program performance results to inform the proper funding levels for subsequent cycles.

- The Commission should direct SoCalREN to remove the duplicative program elements with the statewide programs, e.g., Flex Path, Energy Upgrade California Multifamily Upgrade, Financing, SoCal Regional Energy Center. If the Commission provides the SoCalREN funding as a pilot program, it should provide LA County the opportunity to reformulate proposals into complementary or unique programs collaboratively with IOUS that are consistent with Commission objectives.
- The Commission should direct SoCalREN to work with IOUs on the development of new financing program pilots, consistent with the third party consultant recommendations that can be offered during the 2013 – 2014 program cycle.

DATED at Los Angeles, California, on this 14th day of September, 2012.

Respectfully submitted,

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ATTACHMENT A
SOUTHERN CALIFORNIA GAS COMPANY AND
SAN DIEGO GAS & ELECTRIC COMPANY RESPONSE TO
SEPTEMBER 5, 2012 RESPONSE OF THE
SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK TO
SCOPING MEMO AND ALJ RULING REQUESTING ADDITIONAL DATA
ON REGIONAL ENERGY NETWORKS

Attachment A—Southern California Gas Company and San Diego Gas & Electric Company Response to September 5, 2012 Response of the Southern California Regional Energy Network To Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks

The Southern California Gas Company (SCG) and San Diego Gas and Electric (SDG&E) (also referred to as "Joint Utilities") have organized its comments by program issues. The Joint Utilities submit comments with respect to Section I (General Considerations) and Section VI (Conclusions). SCG specifically provides comments regarding the Southern California Regional Energy Network (SoCalREN) proposals relative to its own Energy Efficiency (EE) programs in Sections II – V.

I. General Considerations

The Joint Utilities were invited to respond to a number of questions in Attachment D of the "Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge," dated August 27, 2012 (hereafter, the "ALJ Ruling") regarding the nature of Regional Energy Networks (RENs). Many of the questions are conceptual in nature, and provide an opportunity for input regarding the framework, administration, and evaluation of RENs. Certain of the responses are summarized in this section.

First and foremost, the Joint Utilities interest is for such entities, should they be authorized, to work in partnership with Investor Owned Utilities (IOUs), and extend the value and benefit of EE programs. REN activities need to be closely coordinated with the activities of the IOUs and their contracted implementers to maximize effectiveness and minimize customer confusion. SCG, having intimate knowledge of its own programs, believes it has a role in providing information to the California Public Utilities Commission (Commission) regarding potential overlap or inconsistency between its programs and the proposed offerings of the SoCalREN. The REN activities should be part of the larger utility portfolio, and should fit within and complement utility sponsored programs and activities.

While the Joint Utilities conceptually support the portion of the RENs that address gaps in resources to assist local governments achieve more retrofits, the Joint Utilities do not believe the proposed SoCalREN programs as currently formulated are complementary to the IOU programs, and require further attention to properly scope a successful and prudently sized pilot program. For example, SoCalGas has proposed to provide a "Virtual Energy Center," with services that are duplicated by the proposed SoCalREN "Regional Energy Center." REN activities should consist of programs complementary to those offered by the IOUs, especially if they are associated with statewide programs. Overlapping and/or competing products between the IOUs and the RENs is not in the best interest of ratepayers who are funding these programs.

REN proposals should be implemented at a pilot scale to start, and evaluation of effectiveness should be on a consistent basis as the evaluation of existing IOU administered activities. During the 2013/2014 pilot phase, the Commission should fund REN efforts at a pilot-scale, and sufficiently to evaluate the effectiveness of the REN model on a test basis.

Ratepayer-funded programs, regardless of the implementer or administrator, should be subject to consistent rules. Therefore, the Commission and its staff should assess REN programs in the same manner as the rest of the IOU portfolio, with REN programs subject to the same Evaluation, Measurement and Verification (EM&V) treatment and EE policy rules compliance. To that end, the Commission should direct that EM&V efforts be focused on the study and evaluation of the REN framework, including developing success criteria, to inform future portfolio planning. The results of such research could then instruct the Commission and stakeholders regarding the propensity for future REN offerings.

In establishing RENs, the Commission must also consider how they will be overseen. The Joint Utilities believe it is appropriate for the RENs to be administered in a manner that is consistent with the oversight the CPUC undertakes with the utilities under its jurisdiction, given that the same ratepayers' funds would be used to fund such programs. The Joint Utilities believes the roles of the utility and Commission Staff should be similar to the way Third Party programs are handled, where the utility manages the contract to comply with the scope of activities and metrics approved by the Commission. The utility can thereby enforce the Commission's direction and requirements via contract terms and remedies. This is consistent with Commission

Decision (D.) 12-05-015,[1] which indicates if the Commission "determine[s] that there are desirable proposals for regional local government energy efficiency pilot programs, the utilities will be directed to contract for selected regional pilots"[2] and that "the proposal set forth in the Proposed Decision provides for utility oversight of the non-utility administrator."[3]

SCG and the SoCalREN have participated in discussions to address some of the noted program issues in Sections II – V. The Joint Utilities maintain an interest in working with RENs, similar to relationships with Local Government Partnerships (LGPs), and make a series of proposals summarized in the Section VI we believe would be fitting for the SoCalREN pilot. In the event ongoing discussions result in a consensus regarding program offerings, we would look to develop programs reflecting such collaborative endeavors.

II. SoCalREN Whole House Upgrade Program (WHUP) proposal

The proposed SoCalREN provided a response to Question 1 of Attachment B of the ALJ Ruling to address potential duplication of IOU programs proposed for 2013 – 2014. Upon review of the program comparisons, there still appears to be significant program overlap in particular between the proposed SoCalREN and SCG whole house programs and marketing activities.

SoCalREN describes its multifamily pilot program as "designed to stimulate this under-served market segment of small to medium sized properties and take advantage of upgrade opportunities."[4] In its response the SoCalREN explained that program design incorporated key elements that align with the joint utility advice letter regarding a

[1] Decision Providing Guidance on 2013 – 2014 Energy Efficiency Portfolios and Marketing, Education, and Outreach, dated 5/10/2012.
[2] *Ibid*, pp. 150 – 151.
[3] *Ibid*, fn. 182.
[4] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, pp. 3 – 4.

multifamily pilot for Energy Upgrade California, and expressed its intent to expand the program to serve the entire SCG and Southern California Edison (SCE) service territory.[5]

As referenced by the SoCalREN, SCG has submitted Advice Letter No. 4312-G-B, dated August 24, 2012, regarding implementation of the Multifamily Energy Upgrade California Pilot within the 2010 – 2012 Energy Efficiency Portfolio. A whole house multifamily program is also included in A.12-07-003 for the 2013 – 2014 EE program cycle. Thus, the submitted SoCalREN multifamily program will represent an area of overlap between proposed program offerings. As noted above, SCG believes overlapping and/or competing products between the IOUs and the RENs is not in the best interest of ratepayers who are funding these programs.

One of the considerations germane to the multifamily segment is setting of an appropriate incentive level. The IOU incentives are designed for evaluation in the pilot to compensate property owners / managers for additional reviews and inspections associated with the program. Due to the cost of participation to the property owner and disruption to their tenants, a substantial incentive is necessary to encourage and motivate property owners and managers to participate. The SCG / SCE incentive is structured to address the "split incentive" issue that arises in other multifamily programs. However, the SoCalREN incentives are not proposed consistent with the proposed statewide levels. In response to Question 8 of Attachment B of the ALJ Ruling, SoCalREN indicates "incentive levels are lower than the IOU proposal at all performance tiers," and after also including assessment incentives that "a combined incentive structure that is still less than the IOU alternative."[6]

Unlike the SoCalREN, the SCG program was also designed to complement Multifamily Energy Efficiency Rebates (MFEER) and the Energy Savings Assistance Program (ESAP), which typically covers lower-cost items in those programs. As such, the remaining items are generally going to be more expensive and require deeper, more

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[5] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, pp. 3 – 4.
[6] *Ibid*, p. 57.

costly interventions. The IOUs intend to revisit these incentive levels when transitioning to the full program roll-out.

The SoCalREN describes its Flex Path program for single family customers "who are either not able or unwilling to participate in the Advanced or Basic EUC programs currently offered by the IOUs."[7] The Flex Path program was designed to provide an easy entry point to the IOU's Advanced Path program. Due to the Flex Path less rigorous program requirements, contractors have heavily promoted the program in lieu of WHUP. The Flex Path program allows customers to submit up to three applications per dwelling. The energy savings derived from the Flex path projects are unknown, as work papers have not been reviewed or approved to validate energy savings.

SCG acknowledges the ease of participation for the Flex Path program, which as offered by LA County proved to be competitive rather than complimentary to the whole house program. Currently SCG is not aware of any efforts to enable FlexPath to become an IOU incentive program; however SCG is currently in the process of collaborating with LA County and SCE to evaluate the Basic Path, and develop modifications to incorporate desirable features of the Flex Path program. The current Flex Path model, however, does not embody the whole house concepts of following the EE loading order, nor does it account for interactive effects of the measure packages to ensure achievable energy savings levels and corresponding incentive levels.

With respect to marketing and outreach activities, SCG recognizes the successful strategies implemented by the American Recovery and Reinvestment Act (ARRA) funded by Los Angeles County (LA County), and supports a collaboration effort to promote the WHUP concept. However, the primary challenge of the EUC process to date has been the lack of consistent branding, content, and focus. In 2010-2012, the SoCalREN partners marketed their own brands, such as Flex Path and EmpowerSBC, under the umbrella of the EUC brand. The partners included commercial lending, multifamily programs, solar, and other similar initiatives under the EUC brand. These

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[7] *Ibid*, p. 3.

efforts confused the market, and diluted the value of the EUC brand and marketing message.

SoCalGas plans to market its WHUP Program using the statewide Energy Upgrade California (EUC) umbrella brand. The statewide marketing program will aim to reach as broad an audience as possible, and attempt to do so via the minimum number of channels needed to be effective. As such, a careful consideration of channel and message is necessary for a successful campaign.

Given a limited budget, and the need to prioritize among numerous options, SCG finds it difficult to support leveraging all the SoCalREN proposed marketing channels with ratepayer funds. However, SCG feels the community outreach efforts have worked well for LA County. As a result, SCG supports leveraging the following marketing channels:

- Community-based organizations, community events and neighborhood events and Channels;
- Faith-based organizations;
- Regional events such as home shows, realty trade shows, and labor forums and workshops;
- Cooperative efforts with industry associations such as realtors and appraisers, property managers and operators;
- Cooperative efforts with financing portfolio partners and stakeholders such as banks, credit unions, equity and capital fund managers;
- Strategic coordination and leveraging with CCSE and the statewide EUC marketing campaign.

Lastly, although SCG recognizes the SoCalREN's Energy Champion Program as an innovative strategy, its actual overall conversion rate was less than reported. Out of 599 total vouchers handed out by LA County, only 119 were used and paid. Of the 119 paid, only 11 turned into actual jobs.

In summary SCG believes the Flex Path, multifamily, and marketing efforts should fit within and complement utility sponsored programs and activities. The Commission should direct SoCalREN to remove the duplicative program elements with the statewide programs, and if the Commission provides the SoCalREN funding as a pilot program, it should allow LA County the opportunity to reformulate proposals collaboratively with IOUs into complementary or unique programs that are consistent with Commission objectives.

III. SoCalREN Financing program proposal

The Joint Utilities primary concern with the SoCalREN financing proposals is that their proposal is developed outside the current stakeholder process that is going on to develop the On Bill Repayment (OBR) pilots. These OBR pilots are to be developed by an "expert financing consultant" that was to be hired by SoCalGas last August 2012. Lastly, D.12-05-015 also defines financing as a "statewide" program. Therefore, the Joint Utilities recommend that the Commission not approve SoCalREN's financing proposal to avoid inconsistencies or duplicative local efforts with the broader statewide financing effort.

SCG's additional concerns focus on the duplicative nature of these financing proposals. SoCalREN stated in its response to Question 2 of Attachment B to the ALJ Ruling that "None of the proposed SoCalREN financing programs are currently offered by the IOUs, and in the case of the commercial PACE and public agency revolving loan fund programs, at a minimum, could not be implemented as IOU programs. It is therefore intended that the SoCalREN would be the designated entity responsible for implementing all of these financing programs on behalf of the IOUs and the CPUC throughout the SCE and SCG territories during 2013-14."[8] As SoCalGas pointed out in its response to Attachment A of the ALJ Ruling (Question 58), a number of SoCalREN's proposed financing programs are duplicative of the IOU's proposed programs for 2013-2014.

[8] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, Question 2 , at p. 8.

Attachment A—Southern California Gas Company and San Diego Gas & Electric Company Response to September 5, 2012 Response of the Southern California Regional Energy Network To Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks

SoCalGas delineated the potential overlap of the proposed SoCalREN financing programs in Attachment 1 of its response to Question 58.[9] For example, the SoCalREN public agency revolving loan fund program duplicates the key focus of the existing On Bill Financing (OBF) program efforts. As adequate financing is available to credit-worthy municipal borrowers (inclusive of limited use of IOU OBF funds), additional ratepayer funding to support direct loan products (i.e. ratepayer funding of a municipal revolving loan fund) does not seem merited. It should also be noted that many of the LA County REN financing programs have not exhausted their existing ARRA funding. SoCalGas respectfully requests that this be taken into account by the Commission when considering the accommodation of any ratepayer funding for SoCalREN financing programs.

The potential overlap could be even greater if the SoCalREN proposed finance programs are extended beyond the County of Los Angeles throughout the rest of the SCE/SoCalGas service territory. This duplication is especially pertinent for single-family programs since there are similar offerings by other ARRA program administrators including:

- Santa Barbara County- Proposed to offer loan products in Santa Barbara County and Ventura County through an ARRA continuation program.
- CHF - Proposed to offer loan products in Riverside and San Bernardino County, and others, through an ARRA continuation program.

Contrary to SoCalREN's assertion that OBF cannot combine gas and electric measures,[10] SoCalGas and SCE have developed customer-friendly procedures to foster combined gas and electric projects. SoCalGas is also concerned with potential implications in the event that SoCalREN is the "designated entity responsible for

[9] Joint Response of San Diego Gas & Electric (U 902 M) and Southern California Gas Company (U 904 G) to Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, Question 58, at p. 66.
[10] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, Question 16 , at p. 39.

implementing all of these financing programs on behalf of the IOUs."[11] A key component of the On-Bill Repayment program is the presentation of loan charges on utility bills. This feature is considered to be a form of "credit enhancement" and should result in lower interest rates for borrowers. Furthermore, only IOUs can provide customer payment history for lender consideration as part of the creditworthiness checks. Additionally, per D.12-05-015, the IOUs are tasked to develop and provide input to the Energy Loan and Project Performance Database which, as directed by the Commission, should contain information such as the following:

- Customer type;
- Host site characteristics;
- Utility payment history;
- Borrower credit scores and energy project repayment histories;
- Energy project performance data (by building or customer, not only by measure); and
- Billing impacts comparing pre- and post-installation utility bills.[12]

The cost to coordinate and feed data to the Energy Loan and Project Performance Database could unduly increase if SoCalREN were to implement finance programs on behalf of the IOUs, including project qualification and tracking of project performance. Customer data privacy concerns are also raised with direct administration of the financing programs by SoCalREN.

IV. SoCalREN Regional Energy Center (SoCalREC) proposal

As noted in its Reply to Protests and Responses of Interested Parties, SCG proposed a Virtual Energy Center (VEC) approach to organizing resources to support

[11] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, Question 2 , at p. 8.
[12] Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education and Outreach, at pp. 99-100.

local governments (both partners and non-partners) with EE projects.[13] SCG proposes that the VEC effort described in the LGP Program Implementation Plan (PIP) be the basis for expanded efforts to bridge the service gap that exists for many local governments, which, driven by the current economic environment, have had to eliminate or reduce basic services to their constituents. The contemplated suite of resources includes project management support, engineering and analytical support, a library of boiler plate agreements and templates that can support local government with the Request for Proposals (RFP) process, as well as assistance in securing financing from various sources. SCG wholeheartedly supports the notion that these are needed and valued resources, and that they will result in improved energy management activity and increased program participation through energy efficiency. SCG included approximately $645,000 in its proposed budget to fund the VEC for the 2013 – 2014 program cycle.[14]

There are duplications in the case of the SoCalREC and the SCG Virtual Energy Center. Both are virtual centers and both offer similar resources to local governments. As SCG has previously stated, the VEC concept is to connect resources "virtually," leveraging commonly used technology to implement the program. The VEC addresses the matter of securing energy and sustainability resources—a key issue that the majority of local governments struggle with now and that is unlikely to be resolved in the foreseeable future. Reduced staff, lack of specific skills, and geographical constraints limits local government's ability to engage in hands-on energy efficiency. SCG intends to start building resources to fill the noted gaps through the VEC as an expansion of its current LGP program offerings.

Per Appendix F of its response to the ALJ Ruling, SoCalREN projected $17.7 million for its proposed REC program.[15] The proposed offerings of this program include

[13] Reply of Southern California Gas Company (U 904 G) to Protests and Responses of Interested Parties, at pp. 18-19.
[14] Application of Southern California Gas Company (U 904 G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Year 2013 and 2014, Appendix C- Local Government Partnerships, at p. 2,063.
[15] Response of the Southern California Regional Energy Network to Scoping Memo and ALJ Ruling Requesting Additional Data on Regional Energy Networks, Appendix F.

services such as aggregated regional procurement and contracting, integrated comprehensive retrofits, and a building and energy resource database, all which seem analogous to the resources SCG proposes to offer through its VEC at a significantly lower cost. SoCalREN does not identify the cost attributed to each service offering and how the entire program accumulates to $17.7 million. It should be noted that SCG has proposed to offer similar resources at a significantly lower cost.

From the SCG perspective, the proposed SoCalREC will target the same Local Government sector as the VEC. However, SCG still believes it would be most effective to collaborate with the SoCalREN on the aforementioned efforts, and is currently working with LA County to find ways to collectively offer solutions that will benefit Local Governments. Given the discussions are currently in progress and the Commission is, at present, faced with the responsibility of determining whether the SoCalREC is prudent, SCG does not recommend approval at this time. Instead, SCG submits it is most appropriate to authorize the VEC, and will continue to seek collaboration with the SoCalREN to further develop the offering.

V. Cost Effectiveness Calculations of SoCalREN proposals

As part of their response to the ALJ Ruling, the SoCalREN has dramatically reconfigured their cost effectiveness assessment. What were formerly designated as deemed measures are now being shown as calculated measures. This is an appropriate change that more accurately characterizes the SoCalREN's program proposal. Unfortunately it also demonstrates certain cost effectiveness shortcomings and delivery cost inefficiencies of the proposed plans. The SoCalREN WHUP Flex Path program Total Resource Cost (TRC) was changed from 1.24 in the original application to 0.72 in the scoping memo response. The SoCalREN Multifamily Fixed Rebate program TRC fell from 1.80 in the original application to 0.91 in the ALJ Ruling response.

Perhaps more importantly, the Program Administrator Cost (PAC) ratio for the SoCalREN residential efforts is 0.76.[16] This compares to a PAC ratio of 1.07 for SoCalGas's residential retrofit programs as shown below.

Programs	PAC Costs	PAC Benefits	PAC Ratio
SoCalGas Residential Retrofit			
WHUP	$ 10,171,278	$7,675,987	0.75
MFEER	$ 2,255,107	$5,832,265	2.59
Plug load	$ 12,044,768	$9,587,319	0.80
Plug Load POS	$ 4,098,050	$7,428,090	1.81
Total	$ 28,569,202	$ 30,523,661	1.07
SoCal REN (Gas Company)			
FlexPath & MF	$ 12,410,617	$9,375,171	0.76

PAC costs include all administrative and incentive costs for individual programs. As such, they allow a direct comparison of cost efficiency for similar programs. The SoCalREN efforts, as currently proposed, are not cost effective from both a TRC and a PAC standpoint. Furthermore, as shown by the lower PAC ratio, the SoCalREN proposal would not be delivered as cost efficiently as similar SCG efforts.

SoCalGas raised concerns about a number of savings, cost, and Effective Useful Life (EUL) assumptions in the SoCalREN initial application in a data request to the Applicant, who replied in a timely fashion with further details. However, the reconfiguration of SoCalREN residential measures in its response to the ALJ Ruling has raised further concerns. For example, the single-family workpaper cites a Flex Path Upgrade measure cost of $5,300, without backup or support. SoCalGas' cursory review of the eligible measures, particularly in light of customer costs for WHUP over the last 24 months, suggests that SoCalREN project costs may be significantly understated. The SoCalREN's response to SoCalGas' data request included project costs for over 500 completed Flex Path projects. The average project cost was $5,400 per home, but average costs for homes "in progress," but not yet paid, is $7,675. Average LA County

[16] See output tab of 13-14 SoCalREN With Flex & MF Scenario 1 E3 SoCalGas v1c4 (version 1).

upgrade project costs for efforts that more directly support the Commission's strategic plan, i.e., advanced home projects, average over $12,000. If the project cost assumptions used in the E3 calculators are understated, the projected TRC ratio is biased upward.

SoCalGas is also concerned that the use of a 20 year EUL for all Flex Path "measures" overstates the true lifecycle savings from the proposed program. Clearly, some of the components of the Flex Path program have shorter lives (e.g., water heaters). Furthermore most of the appliance replacements are likely to be early replacement rather than replace on burnout measures. With this change in designation, the baseline assumptions would be different thus resulting in significant changes in the savings assumptions. SoCalGas urges that Commission QA and EM&V consultants undertake a careful review of the filed workpapers prior to any program approval in order to ensure that savings claims, measure costs and prospective cost effectiveness meet Commission standards.

VI. Conclusion / Recommendations

The Joint Utilities recommend the following, based on the assessments provided above:

- The REN activities should be part of the larger utility portfolio, and should fit within and complement utility sponsored programs and activities. The utility would manage the REN contracts to comply with the scope of activities and metrics approved by the Commission.
- REN programs should be subject to the same EE Policy Rules and EM&V requirements as the IOU programs.
- The Commission should require the SoCalREN to uphold same cost effectiveness standard as IOUs, i.e., the SoCalREN proposal must have an overall portfolio TRC above 1.0. If that is not possible, LA County, the primary SoCalREN sponsor, should maintain status as an LGP within SCG portfolio, and be allowed to form as a REN specifically as a pilot and consistent with funding levels for small scale projects to gain experience as a

regional entity, and submit program performance results to inform the proper funding levels for subsequent cycles.

- The Commission should direct SoCalREN to remove the duplicative program elements with the statewide programs, e.g., Flex Path, EUC Multi-Family Upgrades, Financing Programs, SoCal Regional Energy Center. If the Commission provides the SoCalREN funding as a pilot program, it should provide LA County the opportunity to reformulate proposals collaboratively with IOUs into complementary or unique programs that are consistent with Commission objectives.
- The Commission should direct SoCalREN to work with IOUs on the development of new financing program pilots, consistent with the third party consultant recommendations that can be offered during the 2013 – 2014 program cycle.

ATTACHMENT B
SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY JOINT RESPONSE TO
RULING ATTACHMENT D: ALL INTERESTED PARTIES

Attachment B—San Diego Gas & Electric Company and Southern California Gas Company Joint Response to Ruling Attachment D: All Interested Parties

Responses to Attachment D: All Interested Parties

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SCG or SoCalGas) will be referred to jointly as the "Joint Utilities" where relevant.

Residential Programs

1. Should whole house (Whole House Upgrade Program and/or REN whole building proposals) programs direct more funding and/or marketing to "hotter" (or "hot-dry") climate zones, where homes tend, on average, to use more energy for cooling? If so, how should hotter climate zones, or an alternative geographic region of smaller or larger scale, be defined?

Response to Q1:

The Joint Utilities do not believe that it is prudent to direct more funding and/or marketing to hotter climate zones. First, WHUP is not strictly an electric resource program. It is an energy resource program encompassing both electric and gas resources for total energy savings and to date the program has shown significant program participation in cooler zones. The Joint Utilities do not direct funding to climate zones where homes use more energy for space conditioning and instead uses multiple criteria to target potential program participants, among which are annual income, high energy usage, and age of home. Whereas "hotter" (or "hot-dry") climate zones, are good targets for older homes with high bills, customers must have access to capital to afford a WHUP project. These segment criteria are much more granular than simply climate zone or region, and allow us to identify the most likely participants, regardless of geographic region.

The Joint Utilities believe that marketing efforts for WHUP should be balanced and leveraged across the full scope of residential offerings to present a full IDSM spectrum of opportunities to all customers who pay for these programs. In addition, marketing efforts of WHUP need the ability to take a much wider range of issues and variables into account in order to determine the best strategies for individual regions in order to meet the goals of the programs in each territory. The Joint Utilities support efforts to inform and encourage customers in all climate zones to install the most efficient HVAC system to maximize potential energy savings in overall home energy use in a manner that is in consistent with the IOUs'[1] HVAC and Whole Home programs.

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[1] The Joint Utilities use the term "IOUs" to refer to Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company and Southern California Gas Company collectively.

2. As a market transformation program, does the Whole House Upgrade Program merit greater funding levels for marketing and outreach? If so, why and for how long? How should the Commission determine appropriate funding levels for this program on a statewide basis?

Response to Q2:

Greater funding for marketing and outreach adheres to the law of diminishing returns. The markets segments that are most attracted to participating in whole house programs absorb program awareness only so quickly and to increase awareness it takes increasing rate of funding for each incremental change in whole house awareness as a concept and subsequent program participation rates. The Commission should allow IOUs to determine appropriate funding levels as such efforts are coordinated with and part of overall IDSM and EE messages and leveraging across programs. The proposed funding levels appropriate for the returns on investment in terms of market awareness and program uptake around whole house concepts and incentive opportunities.

In general, programs in early phases of start-up and especially those programs where cost is a barrier to entry require significant marketing and outreach efforts and associated funding. To the extent a particular program has been classified as a market transformation (MT) program, and is at an early phase of its lifespan, and is also consistent with Commission goals, a greater level of funding for marketing and outreach may be prudent. Such decisions should be case-specific, with historical and projected cost effectiveness a foremost consideration. If the program is not cost-effective relative to other non-MT programs, it should be a level of funds deemed appropriate to optimize the overall energy savings goals while still forwarding, but not over-emphasizing MT objectives at the expense of greater savings. In sum, such decisions should be informed by evaluation, and weighted by expected benefits.

There are also other customer marketing and outreach efforts that can be used to drive customers towards participating in the Whole House Upgrade Program ("WHUP") such as Statewide Marketing, Education and Outreach, local marketing and outreach efforts, and other residential program integrated marketing campaigns. In addition to building customer awareness and educating customers, SoCalGas has found that an effective channel strategy is key to customer enrollment in the program. Workforce education and training, and development of contractors into a sales and implementation channel both meet the Commission's objective of market transformation, as well as help the utilities to meet program goals.

3. For purposes of utilizing ratepayer funds, how should "whole house" be defined?

<u>Response to Q3:</u>

The "whole house" approach views the home is a series of interdependent systems that should be considered holistically or as a complete system where all the elements work together and that any changes must be made while taking into account the affects of such change to all other systems and consequently the house as a whole. "Whole House" or "Whole Building", for purposes of utilizing ratepayer funds for energy efficiency efforts, should be defined as taking the whole house building existing total energy load and reducing it through multiple measures in accordance with an accepted loading order, in order to create a revised total energy load with no change in occupant behavior and measuring such change of the whole house with an accepted tool. The approach optimizes building shell which provides increased comfort and indoor air quality, while enabling smaller and more efficient space conditioning equipment and reduced energy use associated with space heating and cooling.

4. Should utility multifamily programs be required to file advice letters or full applications during 2013-2014, once multifamily whole building pilots are approved?

<u>Response to Q4:</u>

The Joint Utilities do not believe an advice letter or full application should be required as the utilities have filed for a Multifamily Path of the WHUP subprogram as part of its 2013-2014 Application with the intent of launching the Multifamily Path upon approval of the WHUP subprogram. SDG&E and SoCalGas anticipate approval of the IOUs' statewide advice letters for 2012.[2]

Insofar as Whole Home Upgrade Program – Multifamily (WHUP-MF) roll-outs are consistent with the pilots and approved Advice Letter and/or Application, neither mechanism should be required, as long as additional budget, if any, falls within fund-shifting rules. If the results from the pilot necessitate changes, then a PIP Addendum should be sufficient. If substantial changes beyond the PIP Addendum process are required, then an Advice Letter should be filed.

5. Is TURN's proposal for a cost-effectiveness test for "comprehensive" programs that include valuation of avoiding "cream skimming" through avoiding multiple contractor visits to a building site practical to implement? If so, how? What considerations should the Commission give to such a proposal?

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[2] The referenced advice letters are Advice No. 2681-E-B (Southern California Edison Company – U 338-E); Advice No. 3268-G-B/3972-E-B (Pacific Gas & Electric Company – U 39 M); Advice No. 4312-G-B (Southern California Gas Company – U 904 G); Advice No. 2320-E-B/2081-G-B (San Diego Gas & Electric – U 902 M)

<u>Response to Q5:</u>

TURN's proposal in (Protest of the Utility Reform Network, August 3, 2012 and Post-Workshop Comments of the Utility Reform Network on Portfolio Composition and Development Rules and Comments on the Role of Advisory Groups, July 23, 2007) assumes that the IOUs are not pursuing measures that, while cost-effective, are not highly cost effective. TURN proposes to impose a per-project penalty based on project cost-effectiveness based on ex-post project review based on additional energy savings which could have, but were not included, in the project. TURN's proposal in effect asks that EM&V staff estimate a "double counterfactual." First, it would be required to conduct an estimate of the savings that would have occurred if the energy efficiency measures that were installed not been installed. Second, an estimator would be required to evaluate the additional energy savings that could have been achieved through additional measures the customer did not elect to install. It is unrealistic to believe that such a "double counterfactual" estimate can be developed, vetted by stakeholders, and implemented by the Energy Division for use in this program cycle.

Therefore, TURN's proposal is impractical from an implementation standpoint and, if adopted, would likely harm rather than encourage delivery of comprehensive retrofit projects by increasing project costs and project risks while simultaneously increasing the cost and contentiousness of EM&V efforts. The WHUP, by design, is intended to maximize savings opportunities and minimize contractor visits through its comprehensive approach to Residential retrofits. Furthermore, this is ultimately the customer's decision as to how they plan and phase-in their retrofits.

6. The IOUs provided low, medium, and high participation scenarios for the Whole House Upgrade Program for 2013-2014. Which is the most appropriate scenario to approve and why?

<u>Response to Q6:</u>

The Joint Utilities support the adoption of the medium scenario, which is the scenario submitted in their respective applications. The medium scenario is filed as attainable without being overly optimistic and takes into account the loss of ARRA funding supporting EUC in the previous years, accounts for market uncertainties, and is balanced against the overall residential portfolio of offerings. The medium scenario was developed taking into account current market absorption rates to date, proposed program design changes and budget, potential competition from similar programs, potential economic downturn, and financial options coming online, expected rate of increasing uptake and contractor performance to date balanced against marketing, administration and direct implementation constraints. The high scenario would require significant increase in the incremental marketing costs to achieve an incrementally higher uptake rate.

Therefore the most appropriate scenario is medium participation for the Whole House Upgrade Program for the 2013 - 2014 program cycle.

7. Should the "Universal Audit Tool" be extended to the multifamily building sector, or should the IOUs consider usage of the multifamily tools developed with ARRA funds for this purpose (e.g., Compass Portfolio Tracker and/or Funding Finder)?

Response to Q7:

The Multifamily sector will be addressed through the "Universal Audit Tool" (UAT) as a sub-component of the commercial survey tool. The Joint Utilities' individual commercial UATs are scheduled for release during Phase 2, (March 2013). The sub-component of the tool will allow property owners and managers to retrieve and monitor their natural gas and electric usage data from their advanced meters, and take an assessment of their property's energy use, create an action plan for energy efficiency improvements, and compare usage to similar buildings in their area. In addition, the users can print a report that can be compared and used with on-site contractor assessments or evaluations. The Joint Utilities may have the ability to track multifamily program participation as the customer will use the tool within the My Account environment.

On the other hand, having multiple external tool (such as the multifamily tool developed with ARRA funds) would add a layer of confusion for the customer, and would also defeat the purpose of using real advanced meter data to provide the customer with an accurate picture of their gas usage. External tools may only be able to use proxy data, not data directly from the customer's meter.

Third Party Programs

8. Utilities were requested to include effective third party programs for extension in their applications. Should the utility selections be approved?

Response to Q8:

The Joint Utilities believe the utility selections should be approved and have stated in their respective applications and in response to other ALJ questions the rationale for extending its current 3P programs. The following criteria were used to select continuing third party programs:

- Performance to goal accomplishment - An evaluation of whether the program has delivered energy savings or met its non-resource objectives relative to goal as defined in the third-party contract.
- Cost-Effectiveness - A measurement of the program's cost effectiveness either using the Total Resource Cost (TRC) or $/kWh or $/therms to determine the cost-effectiveness of the program.
- Customer satisfaction - An evaluation of the satisfaction level of customers who have participated in the program.
- Market and program potential - For resource programs, an evaluation of the program's backlog of projects to determine whether the number of remaining customers to serve is sufficient to justify continuation of the program and whether the technology marketed by the third party has sufficient mainstream appeal.
- Other Factors - This is a determination of whether the program is able to reach customers who may have been underserved due to remote location or other circumstances and whether other energy efficiency measures could viably be added to the program to make it more successful while avoiding overlap with other programs.

If the Commission chooses to not approve the continuation of these successful programs, it would undermine the continuing development and expansion of these market participants who offer useful EE program services.

9. Should the Commission approve IDEEA365 as a model for third party solicitations for the 2013-2014 transition portfolio? Why or why not?

Response to Q9:

The Joint Utilities believe that the IDEEA365 model for third party solicitations is a good method for selecting programs for the 2013-2014 transition portfolio The IDEEA365 Program, designed to allow for continuous introduction of innovative ideas and technologies into the EE portfolio. Specifically, the IDEEA365 Program will create a mechanism to solicit competitive offers year-round (until the budget is depleted) for programs that produce cost effective energy savings. All submitted abstracts will be scored using consistent statewide criteria, such as cost-effectiveness, innovation, feasibility, portfolio fit, comprehensiveness, opportunities for deep savings, and supplier diversity.

The IOUs propose to design two types of solicitation. The first, Targeted Solicitation, will support identified program and market needs and technologies, such as, the water-energy nexus and hard-to-reach markets. The second type of solicitation promotes innovation on the part of third parties, seeking service providers who develop and deploy emerging technologies, or have promising new ideas for creating energy savings. The goal of this program is to address the expansion and quality of energy efficiency programs implemented by third parties and to streamline the solicitation process and subject to Commission approval, allow for a rolling portfolio. This program will provide resources and accessibility to the solicitation process by third parties and will encourage comprehensive innovative programs. It will also assist in overcoming the participation barriers to third parties who may be qualified for, but new to the energy efficiency bidding process.

10. Does the IOU proposal to use IDEEA365 address the concerns raised by the Peer Review Group Report from 2009-2011?

Response to Q10:

Yes, the IDEEA365 program addresses the concerns raised by the PEER Review Group in the following ways:

- The Joint Utilities each sought active input from their respective Program Advisory Group before submitting its July 2 application and expects to continue this dialogue in engaging stakeholders and seeking to improve the process that selects third party contractors;
- The IOUs plan to provide a web portal for new bidders to register and close coordination with the Emerging Technology TRIO Program to engage new innovative program ideas and service providers, and
- The IOUs plan to provide additional training opportunities on key topics such as steps to become a third party program, proposal writing, and understanding cost-effectiveness.

Local Government Partnerships

11. Utilities were directed to include "successful" local government partnership programs for extension in their applications. Should the utility selections be approved?

Response to Q11:

The Joint Utilities, together with their partners, have diligently worked to update and improve their program implementation plans submitted on July 2, 2012. Therefore, the Joint Utilities respectfully request approval of their respective proposed Local Government Partnership portfolios.

Codes and Standards

12. Should the energy efficiency savings goals related to codes and standards be revised to reflect lower new construction rates in the past few years, as suggested by SCE?

Response to Q12:

The amount of energy savings to be achieved by codes and standards (C&S) programs depend on rates of new construction and retrofit activities. The construction rate forecast used by the CPUC 2011 Potential Study was based on market conditions in 2006-08 and does not reflect the economic downturn of the past several years that dramatically reduced construction activities. The market data released by the California Building Industry Association (CBIA) showed that the average new construction rates during 2010-12 were only about 30% of those in 2006 for both residential and nonresidential sectors. In consideration of utility energy efficiency program impacts to the state energy demand, the California Energy Commission (CEC) has revised the C&S program energy savings provided by the CPUC 2011 Potential Study according to CBIA's latest construction rate data. Therefore, CPUC's goals for IOUs' C&S program should be adjusted to reflect the actual construction rates in the past several years and a more realistic forecast of future market conditions.

SDG&E and SoCalGas note that they have adjusted their proposed energy savings from their respective C&S programs to reflect the expected reduction in construction rates.

13. Should REN or IOU programs be permitted to incentivize measures that are only "to code" (Title 24 compliant) energy efficiency levels?

Response to Q13:

The IOUs' C&S Program Implementation Plan states that we will explore a pilot project designed to improve compliance by providing nonmonetary incentives to local governments, contractors, or other key market actors. The pilot will be based on the Program's Compliance Improvement Advisory Group's guidance and may include nonmonetary incentives such as training or provision of tools designed to streamline the permitting and inspection processes for additions and alterations.

More generally, incenting measures to code only in early replacement (not "replace on burn out") situations may also be appropriate under certain conditions. For example, significant program influence would be required to raise the efficiency of an existing building from below code to well above code, since these changes would require deep system or whole building retrofits. In this situation the code baseline is not a true baseline. A second example, an HVAC change that triggers duct sealing reduces the savings that may be attributed to the overall project if savings are based on code, yet the customer bears the entire cost to raise the efficiency from existing conditions to new conditions.

Lighting upgrades traditionally have been the mainstay of nonresidential energy efficiency retrofits as the lighting market has been characterized by relatively quick changes in technology and efficacy advances. The 2013 Title 24 energy code will require that lighting alterations to more than 10% of luminaires in a room will trigger the same lighting power density (Watts/square foot) requirements as in new construction. However the luminaires in many spaces have their internal components replaced and/or repaired indefinitely without increasing their efficacy or triggering the energy code. In the absence of programs that incentivize luminaire replacement, lighting system efficiency may never be improved. A retrofit program targeted at customers that rarely or never replace their luminaires provides an opportunity to not only improve luminaire efficacy, but also reduce energy use and demand. In these situations, the energy savings should be calculated relative to the energy consumption of the existing lighting system.

Meeting state energy goals requires deep savings for the large stock of existing buildings, but the cost of minimum code compliance for building alterations presents a significant cost barrier for owners. Allowing retrofit programs to use realistic baselines that claim all savings from existing conditions would support more comprehensive retrofits and deeper energy savings. To prevent double counting, an estimate of retrofit energy savings due to energy code changes could be subtracted from C&S. This approach would increase portfolio savings through reducing stranded savings, but any program efforts to incent compliance with code must be carefully vetted prior to implementation so as to not incent alterations that would have naturally occurred absent incentives.

The IOUs' C&S Program Implementation Plan states that it "will explore a pilot project designed to improve compliance by providing non-monetary incentives to local governments, contractors, or other key market actors". The pilot will be based on the Program's Compliance Improvement Advisory Group's guidance and may include non-monetary incentives such as training or provision of tools designed to streamline the permitting and inspection processes for additions and alterations.

14. What do you feel is the appropriate role of IOUs in the arena of Codes and Standards at the local level, and how would you characterize the effectiveness of such IOU efforts and expenditures to date?

Response to Q14:

It is clearly appropriate for IOUs to continue their support of both compliance improvement and reach codes at the local government level. The IOUs added compliance improvement and reach code subprograms to the 2010-2012 C&S program in response to strategic opportunities to strengthen building code and appliance standards advocacy efforts. These four subprograms are less effective when separated. For example, future reach codes based on 2013 building codes, that will inform 2016 state building codes, must be incorporate information from recent CASE study efforts and planning for 2016 that includes codes and standards, incentive programs, and emerging technologies. Compliance improvement efforts must likewise be coordinated in each of these areas, since achieving state policy goals requires greater portfolio integration.

While training efforts through the LGP programs have shown to be effective, and such training is planned to continue, the IOU's Codes and Standards (C&S) Program enhances this training by targeting those market actors in the compliance supply chain who have been identified as having the greatest impact building energy code compliance. These market actors include: Energy Consultants, Plans Examiners, Building Inspectors and Contractors. C&S believes all of these market actors must receive consistent, repetitive messages and processes and tools that work together in order to affect behavior change. The IOUs are the code experts and are in the best position to ensure all of these market actors statewide receive accurate and consistent messaging and tools from one source. In 2013-2014, SCG will continue to work closely with local and regional government partners to coordinate C&S training available to local building departments and to ensure that the C&S technical assistance is made available to local jurisdictions to support development of reach codes.

In addition to expertise, IOUs can achieve greater cost effectiveness and synergies by coordinating similar statewide activities, and with other parts of the IOU portfolios. The C&S Program is currently the most cost effective method for achieving persistent energy savings. The IOUs' compliance improvement efforts help the State realize the full benefit of the C&S Program's advocacy efforts and the feedback gained from compliance improvement subprogram participants help inform future advocacy efforts.

Regional Energy Network and MEA Proposals

15. What do you believe should be the primary purpose of the RENs? Various documents, including Commission decisions, party comments, etc., mention delivery of programs at lower cost, filling gaps for government entities, and innovation, as examples. Please comment on the most important goals or criteria for RENs.

Response to Q15:

The scope for REN activities should be limited to services that complement existing energy efficiency programs, particularly to help promote consumer adoption of comprehensive energy efficiency actions. REN activities need to be closely coordinated with the activities of the IOU's and their contracted implementers so as to maximize effectiveness and minimize customer confusion. REN proposals should be implemented at a pilot scale to start, and evaluation of effectiveness should be on a consistent basis as the evaluation of existing IOU administered activities.

16. Should the BayREN and SoCalREN proposed bundled incentives for single-family or multi-family incentive offerings be available at the statewide level in 2013-2014? If so, should the REN proposed single-family bundled incentive general approach supplement or replace the current IOU Whole House Basic Path incentive?

Response to Q16:

No, these REN proposals should not be available Statewide. The Flexpath is not a long-term solution for comprehensive upgrades, was not designed within the TRC/PAC construct. While SCG appreciates, and agrees with, the need for more flexibility, the Flexpath as currently proposed does not support the energy efficiency loading order, and does not build towards a long-term market transformation in the residential retrofit market. Further, and with respect to TURN's "cream skimming" and reduction of multiple visits to customer homes (outlined in response to Attachment D, Q.5), SoCalREN's Flexpath experience involves multiple visits to single homes, likely to maximize rebate amount (~1000 applications for ~600 homes). Key components of a successful, flexible, re-designed Basic Path are: easy to understand for customer and contractor, tiered incentives (the more you do, the more rebate you receive), points tuned to energy savings and cost-effectiveness, and controls to ensure the energy efficiency loading order is followed. SCG, together with the other IOUs, is evaluating potential revisions to the Basic path to incorporate these objectives.

17. How many RENs are appropriate for the Commission to fund at any given time? Should there be a limit?

Response to Q17:

During the pilot phase of 2013 - 2014, the Commission should fund pilot scale REN efforts sufficient to evaluate the effectiveness of the model on a test basis. There are just two remaining REN proposals before the Commission,[3] along with one CCA electric energy efficiency administration proposal. These are more than sufficient for the Commission to be able to evaluate the effectiveness REN model for 2013/2014.

18. Should successful REN programs be scaled up to implementation at a statewide level? How and on what timeframe?

Response to Q18:

The Joint Utilities asserts that this issue will require more research on what "successful" means in the context of the IOU portfolios, as well as getting agreement on what the intent is for REN programs, before the question can be answered. To illustrate, it is unclear under what conditions it would be prudent for a "regional" network would be scoped to operate on a statewide basis. If programs are only complimentary to the IOU portfolio, as suggested by the Joint Utilities, then the answer is simply based on whether those programs show success. However, the Joint Utilities also assert that there is insufficient time prior to a 2015 planning process to adequately evaluate the results of any REN programs. Nonetheless, the Commission should direct that EM&V efforts be directed to study and evaluate the REN framework, including developing success criteria, to inform future portfolio planning.

19. How do the REN program and portfolio offerings maximize the state's investment in efficiency in ways that are not already adequately accomplished? Which program elements, or subprograms, are the RENs uniquely positioned to offer?

Response to Q19:

The Joint Utilities fully support the portion of the RENs that address gaps in resources to assist local governments achieve more retrofits. For example, SoCalGas has proposed such services as a "virtual energy center" and the RENS call it "Regional Energy Center." SoCalGas is in discussions with the SoCalREN to reconcile details and possibly offer the same program jointly. The financing programs are already covered under the Finance Program, so these can be

[3] CRHMFA Homebuyers Fund (CHF) filed to withdraw its motion on August 31, 2012.

done under either category (although still subject to the same rules as all financing programs moving forward). SoCalGas does not believe that offering overlapping and/or competing products is in the best interest of ratepayers. If such programs can be shown to be complimentary to the IOU programs, particularly considering efforts to achieve / maintain statewide program consistency, then perhaps it may be reasonable to add those programs.

20. How should the RENs be overseen?
a. What should be the role of the IOUs?
b. What should be the Commission staff role?
c. Should these roles be different for the REN proposals than the CCA proposals?

Response to Q20:

The Joint Utilities assert that the RENS should be part of their overall portfolios. The IOUs, having intimate knowledge of their own programs, believes the IOU has a role in providing information to the Commission regarding the potential of overlap or inconsistency between their programs, and the proposed offerings of the RENs. The REN activities should be part of the larger utility portfolio, and should fit within and complement utility sponsored programs and activities. The utility would manage the REN contracts to comply with the scope of activities and metrics approved by the Commission. The utility can thereby enforce the Commission's direction and requirements via contract terms and remedies.

Therefore, the Commission and its staff role would oversee these programs in the same manner as the rest of the IOU portfolio programs as the RENs would be part of the IOU portfolio. Therefore these REN programs would be subject to the same EM&V treatment as the IOU programs. The REN programs should be governed by the EE Policy Rules, given that the same ratepayer funds would be used to fund such programs.

Please refer to response to Q21 below regarding the treatment of CCAs.

21. How should RENs and CCA programs be evaluated by the Commission?
a. Verify savings?
b. Measure program and administrative performance?
c. Evaluate coordination between RENs/CCAs and IOUs?

Response to Q21:

The Joint Utilities refer to their response to Q20 as the questions pertain to RENS. With respect to CCAs, the Commission has solicited on several previous occasions, comments and conducted a workshop on the procedures that should be adopted to allow CCAs to implement EE programs. The Joint Utilities have participated actively in those solicitations and workshops. The Joint Utilities provide their comments from their reply comments to the June 20, 2012

Administrative Law Judge's Ruling Regarding Procedures for Local Government Regional Energy Network Submissions for 2013-2014 and for Community Choice Aggregators to Administer Energy Efficiency Programs below as it summarizes their position on the matter of CCAs.

The Joint Utilities agree with the underlying theme among the various parties' previous comments, which is that the Commission should adopt procedures for Community Choice Aggregator ("CCA") administration and funding of Energy Efficiency ("EE") programs with the overarching goal that CCA EE plans are evaluated "impartially" and for "consistency" with the Commission's overall EE program goals, requirements, and performance standards. The Joint Utilities agree that to provide fair and equitable EE services to all customers that the Commission should evaluate the program proposals consistent with Commission-adopted performance criteria and policy rules. It is also important that the Commission hold all implementers of EE programs to the same standards of accountability. SDG&E also incorporates by reference the concerns it has articulated in its comments on Draft Resolution E-4518 (see Appendix for reference.)

The Joint Utilities strongly recommend that the Commission should allow CCAs to submit their proposals concurrently with the IOU EE application period and not when the CCA first commences serving customers. The Commission approves program portfolios that would require the utilities to meet EE savings goals and demand reductions that feed into the Long Term Procurement Proceedings ("LTPP") forecasts. If the Commission approves programs and reallocates budgets without a clear process to reassign savings goals, then service territory EE resources could become unreliable. Furthermore, reallocating budgets could potentially jeopardize third party program implementers and contractors as the budgets assigned to them could be reduced, thereby minimizing their ability to meet their program delivery goals. Therefore, the Joint Utilities recommend that the timing of any CCA application for EE funds and programs should be coincidental with the timing for the utilities and other program implementers (e.g., Regional Energy Networks ("REN")) applications for funding. To otherwise do so would be unfair and prejudicial to program implementers who submitted the applications within the designated period.

22. Should the Commission authorize the use of ratepayer funds for green building certifications, as proposed by SoCalREN? If so, why, and at what level?

<u>Response to Q22:</u>

The Joint Utilities do not support the use of ratepayer funds for green building certifications at this time. While it is important to connect non-energy efficiency activities to activities that support "green" actions, the use of ratepayer energy efficiency funds should be limited to energy efficiency. Other sources of funding, e.g., water utility funding for water conservation efforts, CSI, tax credits, should be leveraged to accomplish broader green actions that could lead to achieving the requirements for green building certifications. EE is just one of the component considered in these certifications and should therefore not be the sole contributor for green building certification.[4] It should be noted, however, that the IOUs already provide technical support to assist customers interested in attaining, for example LEED certification, green building certification, such as through the Savings By Design, California High Performance Schools and Sustainable Communities programs.

23. Should the Commission authorize scholarships for contractor trainings in the area of Whole House via the RENs (i.e., in some geographic areas of the state only)? If so, what level of subsidy is appropriate and why?

Response to Q23:

The Commission should not authorize scholarships for WHUP contractor training via the RENs. Such an approach is duplicative of IOU training which is offered at "no-cost" to all interested contractors and includes not only necessary training for whole house science certifications, but also includes ongoing contractor mentoring, workshops, continuing education topics after building science certification, as well as training on how to successfully integrate and participate in IOU programs. Since the IOUs already offer such educational opportunities at no charge, it is not clear what the "scholarship" would be paying for. Based on the extensive training and certification achieved from the various funded American Reinvestment and Recovery Act (ARRA) programs, there is a large pool of trained and qualified contractors available for whole house programs. Instead of scholarships for more new entrants, emphasis should be placed on advanced training for those contractors actually conducting home performance services. A recent process evaluation of the Whole House Upgrade Program (WHUP), also known as Energy Upgrade California, found a larger supply of whole house related trainees then the available supply of job openings. The IOUs are proposing to work with existing program implementers to provide necessary advanced training.

24. Is it appropriate to allocate energy efficiency funds for solar thermal for domestic hot water heating and pool heating measures (as proposed by BayREN)? Why or why not?

Response to Q24:

The Commission has already provided direction as to the appropriateness of EE funding for solar thermal for domestic hot water heating and pool heating measures and the CSI Thermal program. The Solar Thermal Program Handbook has a full listing of what is eligible under that program (page 14, Section 2.2.3 Ineligible technology and system applications). The

[4] For example, LEED certification looks at the following criteria: sustainable sites, water efficiency, energy & atmosphere, materials & resources, indoor environmental quality, innovation in design and regional priority.

Commission's Energy Efficiency Policy Manual, Rule IV.7., states that any such programs must be shown to be cost effective on a stand-alone basis. The full rule is provided below for reference:

> *7. As described in these Rules, fuel-substitution programs must also pass the Dual-Test to be considered for inclusion in the portfolio and eligible for funding. In addition, as a condition for the inclusion of solar water heating within the definition of energy efficiency measures, solar water heating installations must be cost-effective on a stand-alone basis, i.e., pass the Dual-Test of cost-effectiveness to be eligible for funding. Similarly, solar-powered water circulators must be cost-effective on a stand-alone basis (i.e., pass the Dual-Test) to be eligible for funding. Other programs are not strictly required to pass the Dual test on a program level basis to be considered for funding, but their cost effectiveness must be carefully considered in order to design an overall portfolio that passes the Dual-Test, per Rule IV.6. Accordingly, except where otherwise indicated in these Rules, Program Administrators must present estimates of TRC and PAC net benefits for each program on a prospective basis in their program funding applications, along with any other information that may be requested by the Commission, Assigned Commissioner, Administrative Law Judge or Energy Division. However, evaluation, measurement and verification costs should not be allocated to individual programs in the calculation of TRC and PAC net benefits. Rather, all costs associated with evaluation, measurement and verification should be allocated at the total portfolio level, rather than program by program.*

Therefore, as stated previously RENS and CCAs should be subject to the same rules that govern the IOU programs.

25. Is it appropriate to use ratepayer funds to subsidize whole house audits (as proposed by BayREN and SoCalREN)? If so, at what level and with what requirements? Would it be appropriate to approve incentives for audits only at a regional scale (via the RENs) and not statewide? Why or why not? Finally, would ratepayer-subsidized audits be scalable or not, and what might be the cost and/or participation implications be?

<u>Response to Q25:</u>

The Joint Utilities do not believe that history has shown that when the IOUs have offered subsidized or free home energy assessments, there is no appreciable increase in participation in EE programs. Indeed, the ARRA-funded free audit vouchers in SDG&E territory have not shown to measurably increase WHUP program participation. In addition, participating contractors have experimented with and offered reduced cost audits, sometimes substantially, on their own. The costs of audits and the price point at which contractors are willing to offer to perform such audits increase substantially with a subsidized audit. Also, such subsidies come without any EE savings impacts and have been tried by IOUs in the past in an attempt to increase participation in EE programs.

While history has shown that such efforts do not necessarily increase the rate of WHUP participation, they do increase the level of awareness around whole house concepts. However, this message is diluted and offset by the fact that the assessments and customer reports are not standardized with respect to the assessment report details provided to the customer. The Joint Utilities have proposed in its 2013-2014 application to address the issue of standardized assessments as part of the work of the proposed Steering Committee.

If the Commission approves whole house audits for RENs, they should be offered under the same terms and conditions as the corresponding utility program, be offered on a non-discriminatory basis, and assuming the first two conditions apply, any particular residence should only be allowed to participate in either a IOU or REN program (not both programs).

26. Should ratepayer funds be used to train contractors to market or promote whole house incentives (as proposed by BayREN) or should funds be directed to cooperative marketing for contractors or a similar area?

Response to Q26:

The Joint Utilities agree that both of these activities are appropriate and such incremental training can be added to the already existing contractor training with the intent to increase channels of outreach to customers. Partnering with organizations that already provide such soft skill training should be pursued. However, this strategy but should be part of a larger marketing strategy at both the WHUP and residential offering levels and should be implemented with appropriate feedback loops to measure effectiveness. Cooperative marketing with a consistent message to customers is preferable. The approach for marketing should be prioritized from statewide messaging, expanding into local efforts then extending into co-op marketing efforts. Confusing customers with non-cohesive marketing messages is more likely to inhibit the market and uptake for WHUP.

27. What should be the reporting requirements for the RENs and MEA? Should RENs and MEA be required to comply with the Energy Efficiency Policy Manual in part or in whole? Explain why.

Response to Q27:

Consistent with the previous comments above, all RENs and CCAs should be subject to the same Commission regulations and oversight, including EM&V requirements and compliance with EE Policy Manual. Ratepayer-funded programs, regardless of the implementer or administrator, should be subject to the same rules.

Administrative Costs

28. The March 23, 2012 memorandum from the Commission's Water and Audits Division to the Energy Division, noticed to the R.09-11-014 service list on August 15, 2012, states that Commission reporting requirements established in D.05-01-055 and ALJ ruling dated August 8, 2007 are inadequate for the reporting of non-IOU administrative costs in their annual reports. The report recommends that non-IOU energy efficiency administrative costs should be disclosed or reported as a separate line item in the energy efficiency Annual Reports and not co-mingled with Direct Implementation Costs. Do parties agree with this recommendation? Explain.

Response to Q28:

Currently the IOUs already report non-IOU administrative costs (for third party programs and Partnership programs) separately in their respective "Energy Efficiency Quarterly Cap And Target Expenditure Performance" reports contained in the quarterly Fund Shifting Excel workbooks that are posted to EEGA.[5] The Joint Utilities agree that there is no current requirement to report these non-IOU administration costs separately in the EE Annual Reports. Since the IOUs already report the non-IOU administration costs separately, it is not a hardship to require the same level of reporting in the EE Annual Report.

[5] See http://eega.cpuc.ca.gov/Documents.aspx.

ATTACHMENT:
APPENDIX

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July 23, 2012

Energy Division Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: San Diego Gas & Electric's Comments on Draft Resolution E-4518

Dear Energy Division:

San Diego Gas & Electric Company (SDG&E) hereby submits the following comments on Draft Resolution E-4518 (the Draft Resolution), which is scheduled to appear on the Commission's August 2, 2012, agenda.

SDG&E takes no position on whether or not it would be appropriate for MEA to undertake the EE role the draft Resolution contemplates, nor does it make any predeterminations regarding MEA's future EE role in 2013-2014.

SDG&E is concerned, however, that the process the draft resolution followed is inadequate, particularly in addressing: (1) the statutory requirements of Sections 381.1 and 399.4 for community choice aggregators (CCA) EE program administration and after-the-fact performance oversight; and (2) the potential for creating inconsistency and/or duplication of MEA's financing proposal with the ongoing statewide efforts.

State law requires the Commission to certify CCA eligibility to administer EE funds, and find that the CCA EE plan meets specific statutory requirements. In fact, the June 20, 2012 "*Administrative Ruling Regarding Procedures for Local Government Regional Energy Network Submissions for 2013-2014 and for Community Choice Aggregators to Administer Energy Efficiency Programs*" acknowledges the Commission's obligation to adhere to all the requirements of Section 381.1 (a) through (g). The draft Resolution, however, fails to provide a comprehensive analysis of the proposal and demonstrate the proposal's compliance with these requirements.

1. *The Energy Efficiency portfolio should be cost-effective.*

The draft Resolution claims to have reviewed the proposal using the criteria specified in statute. That review, however, is based solely on the untested assertions of the proponent. And even under that limited review, as discussed below, the draft

Resolution acknowledges that the proposal fails to meet the critical test of cost effectiveness, a requirement repeated many times in Section 381.1[1], required for the approval of an EE portfolio of programs.

2. *There should be adequate provisions to ensure proper after-the-fact performance oversight.*

The totality of the proponent's plan with respect to auditing and reporting is discussed in 8 lines of its plan, one of which contends that the reports are "for informational purposes only". Section 399.4 requires the Commission to continue to oversee energy efficiency program administration. SDG&E recommends that the Resolution provide provisions that comport with Decision (D.)09-05-037 (at pages 8-9), which directs the Energy Division to manage EE program evaluations.[2] Similarly *ex ante* measure assumptions should be consistent with D.11-07-030 Attachment B for custom projects and the November 18, 2009 ALJ Ruling regarding non-DEER measure ex ante assumptions. The MEA proposal[3] briefly states its intent to use DEER deemed savings and develop its own plan for verifying savings, using its simplified methods. The MEA "EM&V" proposal is inconsistent with the current procedures required for determining ex ante savings which require that Energy Division review and approve all workpapers for non-DEER savings and the use of the Custom Project Process described in D.11-07-030 Attachment B.

The Draft Resolution does not asses the nature of the audit reports, and does not direct that the reports contain any specific information. SDG&E recommends that the Resolution include similar provisions as provided for by D.09-09-047 which states: "We also adopt the DRA and TURN recommendation to require a full audit of the utilities' administrative and other costs in order to understand the changes in characterization of costs in the revised applications and to ensure accountability of the amount, allocation and composition of the total administrative costs for this portfolio timeframe. We authorize Commission staff to hire contractors to conduct the audit using EM&V funding."[4]

3. *MEA financing proposal should be consistent with the Commission's direction in D.12-05-015.*

The Draft Resolution would authorize MEA to begin working on a multi-family on-bill repayment (OBR) effort. This authorization seems inconsistent with financing effort recently delineated by the CPUC in D.12-05-015, which requires the development of 4 new pilots associated with the concept of OBR,[5] one of which is a multi-family pilot.

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[1] Section 381.1 (a), (a)(2), (c), (d), (e), (f)(2), and (g).

[2] : "We therefore removed EM&V responsibility from the IOUs and directed our staff to develop an EM&V program that used expert analysis and sound technical methodologies to count energy savings from ratepayer funded energy efficiency programs. Our goal was to establish an independent system that was free of the inherent conflict of interest presented in IOU EM&V and from external pressures that would compromise the integrity of the EM&V results."

[3] MEA draft proposal available on http://www.marinenergyauthority.com/PDF/6.20.12_Special_Meeting_Packet.pdf, page 22.

[4] D.09-09-047, page 56

[5] D.12-05-015, page 108.

These pilots are to be developed by an "expert financing consultant" that is to be hired by SoCalGas (by August 1, 2012). Lastly, D.12-05-015 also defines financing as a "statewide" program. Therefore, SDG&E recommends that the Resolution require MEA to participate in the stakeholder process for the development of an OBR effort to avoid inconsistencies or duplicative local efforts with the broader statewide financing effort.

SDG&E appreciates the opportunity to provide these comments to Draft Resolution E-4518.

Respectfully submitted,

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Clay Faber
Director – Regulatory Affairs

cc: President Michael R. Peevey
Commissioner Mark J. Ferron
Commissioner Timothy A. Simon
Commissioner Michel P. Florio
Commissioner Catherine J.K. Sandoval
Edward F. Randolph, Energy Division Director
Carlos A. Velasquez, Energy Division
Lisa Paulo, Energy Division
Interested Parties in Rulemaking 03-10-003
Interested Parties in Rulemaking 09-11-014