

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 13, 2010

**Advice Letter 3030-G/3487-E**

Jane K. Yura  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10B  
P.O. Box 770000  
San Francisco, CA 94177

**Subject: Request for Authorization to Shift Prior Years' Unspent, Uncommitted Gas and Electric Energy Efficiency Funds to Ensure Adequate Funding for the 2009 Energy Efficiency Transition Programs**

Dear Ms. Yura:

Advice Letter 3030-G/3487-E is effective September 10, 2009 per Resolution G-3439.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177  
Fax: 415.973.7226

July 1, 2009

**Advice 3030-G/3487-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: Request For Authorization to Shift Prior Years' Unspent,  
Uncommitted Gas and Electric Energy Efficiency Funds to  
Ensure Adequate Funding for the 2009 Energy Efficiency  
Transition Programs**

Pacific Gas and Electric Company (PG&E) hereby requests authorization to utilize unspent, uncommitted electric and gas Energy Efficiency (EE) program funds from prior years to augment the authorized EE program funding adopted in Decision (D.) 08-10-027 for the 2009 bridge period. This is to ensure adequate funding for PG&E's EE programs until the Commission approves PG&E's 2009 – 2011 EE Portfolio Application 08-07-031. Since these funds have already been recovered from customers, this request will not result in a rate increase.

**Purpose**

This advice letter requests authorization to shift \$40.9 million in unspent, uncommitted funds from 1998-2008 EE program years (PY) to augment the 2009 bridge period funding. This augmentation will assure that customer energy efficiency projects and activities, including those delivered by third parties and local government partnerships will continue to be funded until the Commission approves PG&E's 2009-2011 EE Portfolio.

The bridge funding adopted in D.08-10-027 for PG&E's 2009 EE transition programs was \$32 million per month, or \$395 million on an annualized basis. This level is significantly less (amounting to 26% less) than the \$498 million PG&E spent in 2008. The reduction in funding during the bridge period has led PG&E to slow down programs, reduce marketing efforts and not make commitments to customers for near- and long- term projects. At the same time, the demand for PG&E's energy education and training programs has dramatically increased due to the downturn in the economy, high unemployment rate and interest in green job training. Third party and government partnerships are reducing marketing and outreach efforts and in some cases laying off staff due to the limited funding.

Therefore, timely action by the Commission is requested to ensure that energy efficiency program funds will be available to continue delivering energy savings in 2009 in PG&E's service area.

### **Background**

On July 21, 2008, PG&E, and the other investor-owned utilities (IOUs) filed their 2009-2011 EE applications including a request for bridge funding if the Commission was unable to issue a decision in time for the new program cycle to begin January 1, 2009. Due to a number of factors, a decision on the 2009-2011 EE portfolios was not able to be issued by the end of 2008. On October 16, 2008, the Commission issued Decision 08-10-027 that provided funding to allow PG&E's 2008 EE programs to continue during the 2009 bridge funding period that began January 1, 2009. The bridge period continues until the Commission issues a decision adopting PG&E's 2009-2011 EE Portfolio Application 08-07-031, but no later than December 31, 2009.

Following the review of the IOU portfolio applications by the Energy Division, and as directed through a series of Commission rulings, PG&E and the other IOUs amended their applications on March 2, 2009. Then as a result of the Interim Policy Decision 09-05-037, issued May 21, 2009, PG&E and the other IOUs will supplement their portfolio requests on July 2, 2009, with comments completed by parties on July 27, 2009.

In addition, there has been a series of workshops held by the Energy Division to address issues raised by parties regarding the IOU portfolio applications. On June 9, 2009 the ALJ issued a Ruling seeking written comments on workshop questions and PG&E provided responses to the Commission on June 29. Reply comments are due on July 10, 2009. As a result, the timing of a Commission decision adopting the new program cycle portfolio is uncertain.

On June 29, 2009, PG&E notified its program advisory (PAG) group and peer review group (PRG) and solicited feedback in advance of filing this advice letter. The communication is attached (see Attachment B). PG&E received support from members regarding PG&E's request for augmenting the 2009 bridge period funding until the Commission approves PG&E's the 2009-2011 EE Portfolio application.

**Rationale for Seeking Additional Funding for the Bridge Period**

Amidst this uncertainty, PG&E has continued its energy efficiency efforts commensurate with a funding level well below the 2008 level and below what was initially requested to continue the programs at the level achieved at the end of 2008.

PG&E has a number of concerns prompting this request to augment its 2009 bridge funding.

1) While the current economic downturn seems to negatively impact new construction programs, PG&E has seen activity in many areas that is expected to exceed the authorized bridge funding budget. The education and training centers are experiencing a dramatic increase in activity. The Energy Training Center in Stockton has seen a 40% increase in participation over the same period last year, and the Pacific Energy Center reports 27% higher enrollment in San Francisco training classes for the first quarter of 2009. Bridge funding levels did not anticipate this amount of participation and the energy centers may not have funds necessary to support this level of interest in its education and training programs.

2) PG&E is having difficulty building a pipeline for long lead-time projects due to the lack of assured funding. This will impact the ability to achieve savings in later years. Thus far bridge funding does not appear to have had an effect on the delivery of existing core calculated projects, however, many of these calculated projects are long lead-time projects that were planned years ago. Current bridge funding levels may not allow for future projects unless there is more certainty that funding will be available.

3) PG&E has received inquiries from the third party programs and government partnerships requesting additional funding during the bridge period. Some have laid off personnel and slowed down or halted marketing and outreach efforts due to limited funding. (See letters discussing the impact of the bridge budget in Attachment C).

4) The cost of each unit of electric and gas savings (kW, kWh, therm) has increased in 2009, compared to 2006-2008, since the per measure savings has decreased as a result of DEER updates. This change is making it more difficult to meet savings targets without an associated increase in program marketing and outreach that are being hampered by limited funding.

PG&E is requesting that additional funds augment mass market, targeted market, third-party and LGP program budgets as specified in Attachment A. This will enable continued delivery on the Commission's directive to accomplish all cost

effective energy efficiency and prevent any further ramping down or curtailment of program activity caused by budgetary concerns.

### **Source of Augmented Funds**

PG&E has \$40.9 million including interest, in electric and gas unspent, uncommitted funds from PY 2006-2008 and remaining funds from 1998-2005. This consists of a balance of \$38.5 million in the electric EE balancing accounts and a balance of \$2.4 million in the gas EE balancing accounts as shown in Table 1 below. These amounts are consistent with PG&E's Monthly Accounting Report for the period ending May 31, 2009, submitted to the CPUC on June 22, 2009.

**Table 1 – Source of Augmented Funds**

<b>Program Year</b>	<b>Electric</b>	<b>Gas</b>	<b>Total</b>	<b>Balancing Account</b>
<b>PY 06 – 08</b>				
Public Goods Charge (PGC) - EE	\$ 5,197,697			Electric PPPEEBA
Procurement	\$7,056,815			Electric PEEBA
Gas Surcharge		\$2,032,170		Gas PPPEEBA
<b>Total PY 06-08</b>	<b>\$12,254,512</b>	<b>\$2,032,170</b>	<b>\$14,286,682</b>	
<b>PY 98-05</b>				
PGC – EE	\$26,189,495			Electric PPPEEBA
Procurement	\$22,908			Electric PEEBA
Gas Surcharge		\$396,321		Gas PPPEEBA
<b>Total PY 98-05</b>	<b>\$26,212,403</b>	<b>\$396,321</b>	<b>\$26,608,724</b>	
<b>Total</b>	<b>\$38,466,915</b>	<b>\$2,428,491</b>	<b>\$40,895,406</b>	

In accordance with AL 2967-G/3356-E that implemented Bridge Funding Decision 08-10-027, PG&E allocates the authorized bridge funding between electric and gas based on the expense ratio of 83%/17%, respectively. Similar to its request approved by the Commission in AL 2985-G/3393-E, PG&E proposes to transfer \$4.5 million in total from the electric balancing accounts to the gas account in order to maintain the same 83%/17% split for the augmented funds. As shown in Table 2, without the re-allocation, the total carry over funds from prior periods result in an electric and gas split of 94%/6%, respectively. Approval of this request will allow all PY 2009 expenses to be recorded consistent with the bridge funding creating an easier audit trail for amounts recorded in the balancing accounts.

**Table 2**  
**Reallocation to Match Bridge Funding Split Between Electric and Gas**

	<b>Electric</b>	<b>Gas</b>	<b>Total</b>
<b>Total Carry-forward Funds</b>	\$38,466,915 (94%)	\$2,428,491 (6%)	\$40,895,406
<b>Proposed Reallocation</b>	\$(4,523,728)	\$4,523,728	
<b>Proposed Adjusted Carry-forward Funds</b>	\$33,943,187 (83%)	\$6,952,219 (17%)	\$40,895,406

Upon approval of this advice letter, PG&E will transfer the \$40.9 million which includes accrued interest through May 31, 2009, from the appropriate electric and gas balancing account sub-ledgers to allocate the augmented funds to match the 83%/17% electric/gas allocation of the 2009 EE bridge funding, and to maintain the 36%/64% split between adopted electric PGC and procurement funding.

Approval of this advice letter will not result in an increase in customer rates. PG&E's 2009-2011 EE Application, as amended on March 2, 2009, assumed that the pre-2008 carryover funds of \$26 M would reduce the amount to be recovered in rates in 2010. PG&E's supplemental testimony to be submitted on July 2, 2009, will reflect the remaining available funds including funds from 2006-2008 as a reduction to the EE funding recovered in customer rates in 2010.

### **Reporting and Energy Savings for the Augmented Programs**

For the purposes of reporting energy savings, the augmented program funds will be treated consistent with Decision 09-05-037 that allows energy savings from mid-cycle funding enhancements in the 2009-2011 period to count towards the Performance Earnings Basis (PEB) and towards achievement of the Minimum Performance Standard (MPS).

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **July 21, 2009**, which is 20 days after the date of this filing. Protests should be mailed to:

CPUC Energy Division  
 Tariff Files, Room 4005  
 DMS Branch  
 505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200

E-mail: [anj@cpuc.ca.gov](mailto:anj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226

E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on regular notice, **July 31, 2009**, which is 30 calendar days after the date of filing.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and to parties on the service list for R.06-04-010 and A.08-07-021. Address changes to the General Order 96-B service list should be directed to San Heng at (415) 973-2640. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian Cherry 08". The signature is written in black ink and is positioned above the typed name and title.

Vice President, Regulatory Relations

Attachments:

Attachment A – PG&E's Supplemental Funding Request Spreadsheet

Attachment B – PG&E's Communication to PAG

Attachment C – Letters Regarding Impact of Bridge Funding

cc: Service List for R.06-04-010, A.08-07-021

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC       GAS  
 PLC       HEAT     WATER

Contact Person: Olivia M. Brown

Phone #: 415.973.9312

E-mail: oxb4@pge.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      
PLC = Pipeline      HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3030-G/3487-E

**Tier:** 2

Subject of AL: Request For Authorization to Shift Prior Years' Unspent, Uncommitted Gas and Electric Energy Efficiency Funds to Ensure Adequate Funding for the 2009 Energy Efficiency Transition Programs

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: N/A

Resolution Required?  Yes  No

Requested effective date: July 31, 2009

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting). N/A

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division**

**Tariff Files, Room 4005**

**DMS Branch**

**505 Van Ness Ave., San Francisco, CA 94102**

**jn@cpuc.ca.gov and mas@cpuc.ca.gov**

**Pacific Gas and Electric Company**

**Attn: Brian K. Cherry, Vice President, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

## PG&amp;E SUPPLEMENTAL FUNDING REQUEST

		Authorized Annual Budget	Forecasted Expenditure assuming additional funding given (Jan - Dec 2009)	Additional Dollars Requested	Additional MW (gross)	Additional GWh (gross)	Additional MMTherm (gross)	Description of How Additional Funds will be Used
<b>Mass Market</b>								
PGE 2080	Mass Market (Residential)	\$112,121,088						
PGE 2000	Mass Market (Nonresidential)	\$71,697,780						
(program element)	Upstream incl. lighting	\$71,266,404	\$71,266,404					
(program element)	HVAC (RCA, DTS, others)	\$39,929,484	\$39,929,484					
(program element)	Appliance Recycling	\$6,741,348	\$6,741,348					
(program element)	Downstream Residential Rebates	\$14,718,324	\$14,718,324					
(program element)	Downstream Nonresidential Rebates	\$16,350,996	\$16,350,996					
(program element)	Multifamily Rebates	\$4,715,700	\$4,715,700					
(program element)	Mass Market Partnership (1)	\$29,321,316	\$31,517,734	\$2,196,418	1.33	6.27		To achieve additional energy savings through partnerships.
(program element)	Mass Market Competitively Bid Programs	\$775,296	\$775,296					
<b>Targeted Market</b>								
PGE2001-2008	Targeted Market: Ag & Food Processing; Schools & Colleges; Retail Stores; Fabrication, Process & Heavy Industrial Mfg; Hi-Tech Facilities; Medical Facilities; Large Commercial; and Hospitality Facilities.	\$60,450,096	\$82,863,327	\$22,413,231	16.26	166.64	3.69	To achieve additional energy savings for Ag & Food Processing; Schools & Colleges; Fabrication, Process & Heavy Industrial Mfg; Hi-Tech Facilities; and Large Commercial, and support long-term projects.
(program element)	Target Market Partnerships (2)	\$17,766,696	\$17,766,696					
(program element)	Target Market Competitively Bid Programs	\$70,700,076	\$85,783,433	\$15,083,357	6.87	43.58	0.59	To achieve additional energy savings through third-party activities.
<b>Residential Programs</b>								
PGE2009	Residential New Construction	\$5,430,876	\$5,432,870	\$1,994	0.19	0.64	0.1	To achieve additional energy savings.
(program element)	Res. Program in Targeted Market Category							
(program element)	Competitively Bid Programs	\$2,223,000	\$2,223,000					
<b>Non-Resource Programs</b>								
PGE2010	Education & Training	\$11,520,000	\$11,995,000	\$475,000				Additional resources necessary to satisfy and support 40% increase in course participation at Education and Training Center and 27% increase at Pacific Energy Center. Ramp-up of Food Service and Technology Center.
(program element)	Competitively Bid Programs	\$998,040	\$998,040					
<b>Other Fund-Shifting</b>								
PGE2011	Codes & Standards	\$2,472,000	\$3,197,000	\$725,000	20.00	90.00	3.80	Develop code enhancement proposals for 2011 Title 24 and 2009 Title 20 proceedings and expand education and training.
PGE2012	Emerging Technologies	\$5,748,000	\$5,748,000					
PGE2013	Statewide Marketing & Info	\$4,560,000	\$4,560,000					
(activity included above)	DSM Branding Study	\$1,312,752	\$1,312,752					
<b>EM&amp;V</b>								
(activity included above)	Energy Division, PG&E and Web Portal	\$29,255,016	\$29,255,016					
(activity included above)	Strategic Planning	\$1,763,988	\$1,763,988					
<b>Total</b>		<b>\$394,942,668</b>	<b>\$435,837,668</b>	<b>\$40,895,000</b>				

(1) Mass Market Partnership Programs include non-residential and residential Direct Install and non-resource outreach programs for the following Local Government Partnerships: Association of Bay Area Governments (ABAG) Energy Watch, Association of Monterey Bay Area Governments (AMBAG) Energy Watch, Bakersfield and Kern County Energy Watch, East Bay Energy Watch (EBEW), Fresno Energy Watch (FEW), Local Government Energy Action Resources (LGEAR), Madera Energy Watch, Marin County Energy Watch, Merced/Atwater Energy Watch, Motherlode Energy Watch, Redwood Coast Energy Watch (RCEW), San Francisco Energy Watch (SFEW), South San Joaquin (SSJ) Energy Watch, Santa Barbara County Energy Watch, Sonoma County Energy Watch (SCEW), Silicon Valley Energy Watch (SVEW), City of San Joaquin Energy Watch, Mendocino Energy Watch, San Luis Obispo County Energy Watch, and Great Valley Center (GVC)

(2) Targeted Market Partnership Programs include calculated rebates for retrofits and retro-commissioning for Local Government Partnerships and the following Institutional Partnerships: California Community Colleges/IOU Energy Efficiency Partnership, California Department of Corrections and Rehabilitations/IOU Energy Partnership, State of California, and UC/CSU/IOU Energy Efficiency Partnership.

**ADVICE 3030-G/3487-E  
ATTACHMENT B  
PAG COMMUNICATION**

**From:** Ramaiya, Shilpa R  
**Sent:** Monday, June 29, 2009 10:45 AM  
**To:** 'abesa@semprautilities.com'; 'achang@nrdc.org'; 'alyssa.cherry@sce.com'; 'amcguire@icfi.com'; 'awp@cpuc.ca.gov'; 'barry.hooper@sanjoseca.gov'; 'ckmitchell1@sbcglobal.net'; 'CMann@ambag.org'; 'cxc@cpuc.ca.gov'; 'd.d.gilligan@att.net'; 'DanielC@energy-solution.com'; 'davidprice@synergycompanies.org'; Larson, Duane; 'dmahone@h-m-g.com'; 'don.arambula@sce.com'; 'ejerome@cogentenergy.com'; 'eric@strategyi.com'; 'ERussell@ambag.org'; 'ewanless@nrdc.org'; 'ewisniewski@cee1.org'; Hicks, Greydon; 'GKatsufrakis@semprautilities.com'; 'hissa@lincusenergy.com'; 'hryan@smallbusinesscalifornia.org'; Homsher, Ila; 'jakotowski@gepllc.com'; 'jeff.hirsch@doe2.com'; 'jill@rahinc.com'; Marver, Jill; 'JL2@cpuc.ca.gov'; 'joe@rhainc.com'; 'jtiffany@ase.org'; 'jyamagata@semprautilities.com'; 'Kathleen.gaffney@kema.com'; 'kenc@boma.com'; 'kgrenfell@nrdc.org'; 'klewis@energy.state.ca.us'; Reed, Keith; 'kurt@proctoreng.com'; 'lcasentini@rsgrp.com'; 'lettenson@nrdc.org'; 'mapiette@lbl.gov'; 'mbthomas@earthlink.net'; 'mharrigan@ase.org'; 'Mike.rufo@itron.com'; 'mkh@cpuc.ca.gov'; 'mshames@ucan.org'; 'mthayer@mail.sdsu.edu'; Jung, Mary; 'nancykrod@consol.ws'; 'nyg@cpuc.ca.gov'; Kesting, Oliver; 'peter.lai@cpuc.ca.gov'; 'pstoner@lgc.org'; 'pw1@cpuc.ca.gov'; 'robyn.zander@sce.com'; 'sam@energy-solution.com'; 'sbender@energy.state.ca.us'; 'snadel@aceee.org'; 'Susan.Moseley@honeywell.com'; 'tcr@cpuc.ca.gov'; 'william.grimm@sce.com'; 'ztc@cpuc.ca.gov'  
**Cc:** Nwamu, Chonda (Law); Kokason, Patricia; Lawrie, Sandy; Chan, Daren; Larson, Duane; Olsen, Jenna; Ramaiya, Shilpa R; Dilts, Barbara  
**Subject:** PAG Communication Regarding PG&E Advice Letter

**PAG and PRG Members-**

We are writing to inform you that PG&E would like to file an Advice Letter with the Commission requesting use of prior years' unspent, uncommitted funds to augment the authorized EE program funding adopted in D.08-10-027 for the 2009 bridge period. This augmented funding will support Targeted Market, Government Partnership, Third-Party Partnership, Education and Training, and Codes & Standards programs.

As you may know, PG&E's EE programs were able to deliver significant savings in 2008 while spending approximately \$498 million. The CPUC has authorized a bridge budget of \$395 million for 2009 -- a 26% decrease than the previous' year spend. While the economy has led to some changes in energy efficiency uptake, PG&E still believes the existing bridge budget is not sufficient and that it can do more to try to sustain the momentum in energy efficiency. We have received letters from both third-parties and government partnerships about their slowdown in outreach and expected/completed reduction in staff due to limited funding. Furthermore, we have seen a 40% increase in our Education and Training classes as a result of the economic slowdown, among other factors. Hence, PG&E is requesting use of \$40,895,000 of unspent funds to augment the bridge budget.

Given the time-sensitive nature of this issue, PG&E appreciates any comments on this matter by Wednesday at 10 AM. Please send all comments directly to me (SRRd@pge.com). PG&E's preference is to file the Advice Letter Wednesday afternoon or Thursday.

As always, we appreciate your support and comments.

-Shilpa

<< File: 2009 EE BridgeFunding AL.doc >> << File: SupplementFunding\_Filing.xls >>

Shilpa Ramaiya  
PG&E, Customer Energy Efficiency  
415-973-3186  
SRRd@pge.com

**ADVICE 3030-G/3487-E**

**ATTACHMENT C**

**LETTERS REGARDING IMPACT OF BRIDGE FUNDING**



## Bridge Funding Impacts

### Program description

The Dairy Energy Efficiency Program (DEEP) offers rebates to dairy producers and dairy food processors throughout PG&E's service area. This target market includes approximately 1,570 customers or 2,440 distinct account id's (some customers have multiple account id's). Measures offered are milking vacuum pump variable speed drives, plate coolers, compressor heat recovery units, milk transfer pump variable speed drives, scroll compressors, premium efficiency motors, box fans, high-volume, low-speed fans, and lighting.

EnSave works with manufacturers, dairy equipment dealers, and agricultural organizations to promote the program to the target market and enroll customers in the program.

The original 2009-2011 savings goal for this program was 7,354,593 kWh (gross). If that goal were achieved in equal portions over the three program years each year would be 2,451,531 kWh. The Bridge Period savings goal for this program is 1,900,000 kWh or 77% of the 09-11 goal. To achieve this reduced goal we need to achieve a monthly savings of 158,333 gross kWh.

During 2008 while operating this same program we achieved an average monthly savings of 418,800 net kWh, which at a program average of .70 NTG equals 598,291 gross kWh.

Due to the Bridge Period restrictions the DEEP has been scaled back from achieving about 600,000 kWh to about 160,000 kWh each month. This is a 73% restriction in our previous output.

During 2008 the DEEP employed a Program Manager (half time), a Field Manager (full time), and two call center Program Representatives (full time). During the Bridge Period the DEEP employs a part time Program Manager (quarter time), a Field Manager (full time), and a call center Program Representative (full time). Beginning in May the Program Representative will be half time.

It has been a challenge to have a successful program scaled back in this fashion. The CPUC's delays in the 2009-2011 portfolio decision (coupled with a very lengthy decision-making process overall) has hindered our ability for long term planning. It will be nearly a year between when the 2009-2011 DEEP was originally accepted subject to negotiation, and when a final decision will be made to accept the program. This makes it difficult to plan for program staffing. Additionally, the restriction in the program savings goal, thus company income, makes business decisions complicated.

The average monthly gross income for the DEEP during 2008 was \$65,375. During the Bridge Period the maximum gross income is restricted to \$35,931. This \$29,444 reduction equals an income drop of a very significant 45%.

Due to the Bridge Period restrictions no specific marketing will be created or implemented. Our outreach is limited to phone calls and personal visits to equipment dealers and producers.

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Global Energy Partners LLC  
Energy Efficiency Services for Oil & Gas Production  
May 2009 Forecast & Accruals  
Impacts of Bridge Funding Budget

Global has been very effective in providing installed energy savings to the PG&E oil production market segment. Global's success is largely the result of our marketing process of establishing close relationships with our oil field customers. Global builds on these relationships to establish confidence and influence the energy efficiency benefits achievable with the producer's investment in energy measures. In Fall 2008, when Global was awarded the continuation in our contract for the 2009-2011 program, we started executing project commitments for 2009 installation. This enabled Global to immediately deliver installed energy savings with the start of the 2009 program year.

From the start of the bridge funding period, Global has continued to expand the relationships with our oil producer customers and has sustained the momentum of executing new project commitments. Global is forecasting that Bridge Funding commitment objectives and funding will be reached with the May 2009 invoicing period. Additionally, the forecast for installed energy savings and incentive payments will reach the Bridge Funding installation objectives in August 2009.

If the Bridge Funding budget constraints are maintained, Global will need to limit our marketing outreach with the oil producers and stop executing any further commitments once the commitment objectives are reached. This action will stop the momentum of adding new projects into the pipeline and will potentially erode the relationships Global has established with our customers. Once the installed energy savings and incentive budget is reached, Global will be required to stop all M&V work for all remaining project installations and postpone incentive payout on committed projects until the 2009-2011 budget is released. The result will be lost opportunities to influence the oil producers to perform energy efficiency investments. The momentum Global has created with our marketing relationships will be lost and will take months to reestablish once the Bridge Funding budget constraints are lifted.

In addition to Global's continuing project development efforts, Global has performed a pre-audit for a process optimization retrofit, and is performing the analysis, for a project projected to have gross 11 million kWh of energy savings and will be installed in the Summer 2009. The oil producer will not perform the project without the incentives provided by the energy efficiency rebate program. In addition, Global can not execute this project commitment as this single project would exceed the Bridge Funding budget limit. The net result of the current Bridge Funding limit is California would potentially lose the energy efficiency savings this large project could deliver.

In conclusion, Global is highly confident in delivering to PG&E the energy savings objectives of the Bridge Funding Budget. Global could also deliver by the end of 2009, from 25 to 50% more energy savings beyond the Bridge Funding budget limits. If Global must adhere to the Bridge Funding budget limitations it will have a serious impact to our ability to recover and deliver energy savings once the 2009-2011 program is released. There will be months of delay in executing commitments as marketing relationships are reestablished, and with completing projects as momentum is created with filling the project pipeline.

Mark Perakis  
Program Manager  
5/11/09

## IMPACT OF BRIDGE FUNDING BUDGET RESTRICTIONS ON THE AIRCARE PLUS PROGRAM

The 2009 Bridge Funding that has been put into place until the final 2009-2011 contracts are signed by the CPUC has negatively impacted the AirCare Plus Program's momentum that was gained during 2008. The AirCare Plus Program exceeded the original 2006-2008 contractor goal capturing over 19.8 million in energy savings for commercial customers in PG&E territory, exceeding the original contract goal by 156%.

The AirCare Plus Program is a seasonal diagnostic HVAC tune-up Program that is weather dependent. The outside air temperature must be above 55 degrees, without rain, in order for rooftop activity to occur. The peak Program months to capture energy savings for PG&E electric customers are during the months of June through October. The Program has limited the amount of AirCare Plus services provided to PG&E customers by enrolled contractors in order to stay within the restricted funding guidelines set forth until the CPUC has approved and signed the 2009-2011 contract.

### PROGRAM COMPONENTS IMPACTED

Below is an overview of the Program impacts that have been realized thus far due to the 43% restriction in Program funding during 2009:

#### **Reduction of the number of tool kits distributed to enrolled contractors and technician trainings**

- The vehicle for delivery of the AirCare Plus Program is through HVAC contractors.
- Contractors in 2008 were issued tool kits based on Program activity each contractor had a minimum of 2 tool kits in order to provide AirCare Plus services to their HVAC maintenance customers in PG&E territory.
- Due to the restricted funding during 2009 enrolled contractors are only being issued one tool kit initially.
- Of the 55 tool kits that were purchased during the 2006-2008 contract period as of May 2009 the Program will have issued 30 tool kits to enrolled contractors. The Program is hesitant to issue all 55 tool kits to enrolled contractors due to the funding restrictions applied to the Program.
- In May of 2008 there were over 40 tool kits in use by enrolled contractors.
- The 'refresher' trainings and new technician trainings that take place to commence program activity have been delayed through May of 2009. In order to maintain the Program momentum from 2008 all contractor technician trainings would have needed to be completed by March 2009.
- The Program is limiting program activity through the delay of technician trainings in order to stay within the Bridge Funding restrictions during the peak Program months of June – October.

#### **Program software and database enhancements to increase energy savings opportunities**

- The Program database and software enhancements that are a component of the 2009-2011 contract period have not been completed due to Bridge Funding restrictions. These Program enhancements that were scheduled to occur during the 2009 time period would increase the amount of energy savings captured by the AirCare Plus Program.
- These software and database enhancements have been placed on hold until the Program funding has been approved for the 2009-2011 AirCare Plus Program.

#### **Decreased contractor enrollment**

May 11, 2009 – AirCare Plus

- The AirCare Plus Program has placed further contractor enrollments and participation in the AirCare Plus Program on hold until the funding restrictions have been release.
- Currently the Program has over 5 contractors that would enroll in the AirCare Plus Program to service their PG&E commercial HVAC customer base. Each contractor has approximated 250+ HVAC contracts with commercial PG&E customers.
- Increased enrollment would allow the Program to provide AirCare Plus services to PG&E customer referrals received from PG&E Sales and Service Representatives. Currently there are more PG&E customer referrals than can be serviced by the Program due to funding limitations.

#### **Program staff hiring placed on hold**

- The Program has placed all planned 2009 hiring on hold until the CPUC has approved and signed the 2009-2011 contract.

#### **Limited ability to process PG&E Sales and Service representative customer referrals**

- Limited contractor participation inhibits the AirCare Plus Program's ability to provide Program services to PG&E customers referred by PG&E Sales and Service Representatives.
- Currently the AirCare Plus Program has received over 300 PG&E commercial customer referrals from PG&E Sales and Service Representative to receive AirCare Plus Program services.

#### **Marketing Materials**

- Inability to create, print and distribute updated Program marketing materials.

### **SUMMARY**

In summary the 43% reduction in funding for the 2009 AirCare Plus Program that has taken place, until the CPUC finalizes and signs the 2009-2011 AirCare Plus Program contract, has had a negative impact on the Program's ability to provide services to PG&E commercial HVAC customers.

The Program is hopeful that the final contract will be in place during the month of August 2009 to allow for Program enhancements, contractor enrollments and thereby allow AirCare Plus services to be provided to a wider population of PG&E commercial HVAC customers.



## Impact of Bridge Funding Budget

Cool Control Plus Program currently has an aging backlog due to the limited funding in the Bridge Funding Period. In the 2006-08 program, our backlog on average was about 3.5 weeks. With the bridge funding, our backlog has increased remarkably and now at 4.75 weeks. We want to ensure that we do not keep customers in the backlog for extended periods of time and with the limited funding during bridge funding, we are not able to do that. Most of our customers are wanting to get on the schedule sooner than later but we are limited to the number of installs that we can have per day as a direct result of the bridge funding.

We have to follow very strict daily production goals to ensure that we maximize the monthly budget without exceeding it. This has made it tougher to schedule properties in out-of-town Climate Zones such as 1, 5, 11 and 13. This results in CCP incurring more cost for the crew having to stay out-of-town for a longer period of time since going over our daily production goal will greatly affect other sites on the schedule.

In addition, the reduced volume of production was not able to support Cool Control Plus' original manpower. Cool Control Plus had to reduce their field manpower as a result of the limited bridge funding.

By increasing our funding, we will improve our customer service as well as get our customers their energy savings quicker. We have the manpower, backlog and estimated kwh to support the original funding that was proposed.

## Lockheed Martin Bridge Funding Impacts

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The impact of Bridge Funding Budget on our program is to limit the amount of projects we can subscribe to complete in 2009 and beyond. The Industrial Third Party Program is a long lead time sales cycle and final performance payment and incentive payments make up more than 75% of the total budget. As such, the initial performance payments are limited to less than 25% of the total contract which can be used as working funds until projects start to complete. With some projects completing in 2009 and some are completing later, the ability to continue to make "Commitments" to customers for projects and particularly "large" projects is becoming limited. This limitation introduces uncertainty into the marketing strategy and we must hedge our commitments to customer and consider indicating we are out of funds. We see this as a last resort as we have learned from past experience that we never want to say we are out of funds. Once a customer has been turned away, it is very difficult to get them back. We therefore summarize our impacts as follows:

1. Limited working funds available as the performance payments and Incentive checks are more than 75% of the contract funds. We are working with 25% of the budgeted amount until projects start to complete and that is usually at the end of the year.
2. We must make "Commitments" for projects that complete in 2009 and beyond. Customers may complete in 2009 or later and still be eligible for funding as this program provides incentives for long term development projects typical of the industrial sector.
3. Because some projects will complete beyond 2009 and we are limited on "commitment" funds available, we must consider restricted marketing plans. This works against the potential to fund large projects with long lead times.
4. We never want to turn customers away as they are difficult to recover once funds have been restored. The momentum and trust in available services needs to be maintained.

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### The Impacts of the Bridge Funding Cap

The Bridge Funding budget has significantly limited our ability to market and implement our program. As the effective date for the California Energy Commission's 2008 Title-24 Energy codes and standards draws nearer, builders, jurisdictions and subcontractors are eager to learn about the new changes and how it will impact their work. The standards will have a significant impact on the cost of construction, as well as new protocols and forms that must be completed for jurisdiction officials. The Builder Energy Code Training (BECT) program has been limited to conducting four training sessions per month at a monetary limit of \$32,555. These limitations have negatively impacted the BECT team put together to optimally run the program as it can no longer function sustainably. Six sales and marketing staff were laid-off due to the program restrictions. Most significantly was ConSol's graphic designer required to professionally create the training presentation and manual. As such, the turn around time to complete the training material has taken longer than previously scheduled. Almost half way into May, the program finally has a draft presentation and manual to conduct trainings with. Additionally, the program is operating in the red. With a monthly goal of three classroom trainings and one on-site training, the program should be billing ~\$40,384 per month to cover program costs.



## Bridge Funding Budget Impact Report

**Program Implementer Name:** Portland Energy Conservation, Inc. (PECI)  
**Program Name:** EnergySmart Grocer Program  
**Contract Number:** 2500002884  
**Date Submitted:** May 12, 2009  
**Report Prepared By:** Anne Curran, Senior Program Manager

There have been several overarching impacts to our operations during the Bridge Funding Period:

1. A monthly use or lose budget creates challenges in serving grocery customers.

- Projects with independent grocers often take many months to complete, and can easily move from one month to the next resulting in a gap in the current month that cannot be recovered.
- Conversely, national supermarket chain projects take many months to develop, but once the agreement is confirmed there can be a push to have installations completed rapidly.
- Monthly incentive budget management has necessitated the creation of a new rebate reservation system that is less accommodating for grocers than the previous rebate process
- Administration efforts have significantly increased, thereby detracting Program staff from other Program activities that could help generate higher kWh savings.
- Financial strain is placed on the Program's contractor partners who bear the costs of the project while waiting for the incentive payment or may decide to delay scheduling of installations.

2. The uncertainty of the timing of the end of Bridge Funding and start of the 2009-2011 contract creates challenges for outreach efforts.

- Both independents and national chains are already seeking guarantees on rebates for proposed installations in late 2009 and early 2010 for which the Program is unable to commit.

3. The structure of the Bridge Funding Contract creates financial strain on the EnergySmart Grocer Program.

- A continued shift toward longer-life energy efficiency measures which are typically more expensive to rebate per kWh than reflected in the contract and which have more variability on a per kWh basis due to climate zone and vintage based savings has resulted in greater financial risk.
- Since incentives are part of the performance payment, the increased incentive cost has diminished the non-incentive funding for administration, marketing and implementation, causing the Program to operate at loss.
- Also contributing to program financial pressures was the continuance of the performance payment rate at the 2006-2008 level rather than at the proposed rate submitted in April 2008.
- PECI remains committed for the long run to help PG&E meet its goals and best serve the grocery market. As such, PECI has kept Program staffing intact during the Bridge Period.

PECI welcomes the opportunity to have further discussion on the impacts outlined above. We look forward to working with PG&E to develop solutions that work for all parties for the 2009-11 program period.

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

Aglet	Day Carter Murphy	Norris & Wong Associates
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