

**CALIFORNIA PUBLIC UTILITIES COMMISSION**

505 Van Ness Avenue San Francisco, CA 94102

Main website: [www.cpuc.ca.gov](http://www.cpuc.ca.gov)

July 13, 2010

Dear Members of the California Congressional Delegation:

California needs your help immediately. The Federal Housing Finance Agency (FHFA), Fannie Mae and Freddie Mac struck a body blow this month to California's landmark efforts to lead the nation in weatherizing homes and placing solar panels on buildings, bringing to a halt more than \$450 million in retrofit projects. Absent immediate federal action, California's launch of the largest retrofit program in the country cannot happen.

On July 6, FHFA issued a statement that effectively halts the promising PACE (Property Assessed Clean Energy) financing programs in California and in communities across the country. First pioneered in California just two years ago, PACE is an innovative local government tool that eliminates the upfront cost associated with energy efficiency, renewables, and water conservation retrofits.

California has allocated \$50 million in American Recovery and Reinvestment Act (ARRA) stimulus funding to PACE financing programs. As a result, more than 200 California communities have either launched or are preparing to launch PACE programs, and together they will leverage more than \$400 million that is now in limbo due to FHFA's statement. PACE programs enable homeowners to dramatically reduce their utility bills, while creating thousands of local construction and other jobs. And they have enormous potential to help California achieve critical reductions in energy use and greenhouse gas emissions.

California has adopted a Long Term Strategic Plan for Energy Efficiency and a key component is the comprehensive retrofit of buildings throughout the state, to provide us with a clean energy economy. The Commission has reshaped energy efficiency and low income programs to align with PACE programs, so that utility ratepayer dollars can be combined with ARRA funding and PACE financing to achieve maximum energy and dollars savings. Thus, the halt of PACE financing jeopardizes not only ARRA funded programs but also this Commission's authorized \$3.8 billion energy efficiency programs set for 2010-2012.

If this is not addressed immediately by expedited Congressional legislation or other appropriate action, then the efforts that California has made, working in harmony with our federal counterparts, to launch this popular job creation/energy saving program across California will come to naught.

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July 13, 2010

Page two

We request your leadership in addressing the critical issue to California at the earliest opportunity.

Respectfully,



Michael R. Peevey  
President



Dian M. Grueneich  
Assigned Commissioner, Energy  
Efficiency and Low Income Energy  
Programs

cc: The Honorable Timothy Geithner, Secretary, U.S. Department of the Treasury  
The Honorable Shaun Donovan, Secretary, U.S. Department of Housing and Urban  
Development  
The Honorable Stephen Chu, Secretary, U.S. Department of Energy  
Mr. Edward DeMarco, Acting Director, Federal Housing Finance Agency  
The Honorable Arnold Schwarzenegger, Governor, State of California  
The Honorable Nancy Sutley, Chair, Council on Environmental Quality  
Ms. Carol Browner, Director, White House Office of Energy and Climate Change  
The Honorable Bill Lockyer, State Treasurer and Chair, CAEATFA  
Mr. Charles E. Haldeman, Jr., Chief Executive Officer, Freddie Mac  
Mr. Michael J. Williams, President and Chief Executive Officer, Fannie Mae  
Ms. Karen Douglas, Chair, California Energy Commission