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Decision **DRAFT DECISION OF ALJ MALCOLM (Mailed 3/4/2003)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

INTERIM OPINION ON 2003 STATEWIDE/UTILITY LOCAL ENERGY EFFICIENCY PROGRAMS AND OTHER STUDIES

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INTERIM OPINION ON 2003 STATEWIDE/UTILITY LOCAL ENERGY EFFICIENCY PROGRAMS AND OTHER STUDIES

I. Summary

This decision approves statewide and local energy efficiency programs for investor-owned utilities to implement in 2003. We disburse $16.44 million to several organizations to undertake statewide marketing and outreach programs in 2003. We also authorize $10.99 million for measurement and verification studies for the utilities' 2003 programs and other projects. These programs will be funded by "public goods charge" (PGC) funds collected in 2003 and describe from previous years.

The funding allocated to each utility program and to the statewide marketing and outreach programs is as follows:

	SDG&E	SoCalGas	SCE	PG&E	Total
Statewide Programs					
Appliance Recycling	$1,000,000		$6,000,000	$2,090,000	$9,090,000
Single-Family Energy Efficiency Rebates	$3,979,000	$2,880,965	$6,000,000	$14,500,000	$27,359,965
Multi-Family Energy Efficiency Rebates	$1,867,000	$1,657,310	$2,000,000	$3,200,000	$8,724,310
Home Energy Efficiency Surveys	$250,000	$145,803	$1,295,654	$1,508,000	$3,199,457
CA Energy Star New Homes Program	$2,562,000	$1,615,311	$5,000,000	$10,259,000	$19,436,311
Standard Performance Contract	$5,760,000		$13,700,000	$22,957,000	$42,417,000
Express Efficiency	$3,364,000	$3,182,410	$7,000,000	$12,345,000	$25,891,410
Nonresidential Energy Audit	$871,000	$2,665,150	$2,200,000	$4,550,000	$10,286,150
Building Operator Certification and Training	$150,000	$142,099	$500,000	$301,000	$1,093,099
Savings by Design	$3,912,000	$2,156,966	$8,900,000	$14,296,000	$29,264,966
Education and Training	$1,369,000	$1,884,310	$4,700,000	$1,402,966	$9,356,276
Codes & Standards Advocacy	$100,000	$137,061	$1,150,000	$1,386,000	$2,773,061
Upstream Residential Lighting	$1,920,000		$2,000,000	$9,983,000	$13,903,000
Emerging Technologies	$125,500	$769,124	$850,000	$457,500	$2,202,124
IOU Statewide Programs Subtotal	**$27,229,500**	**$17,236,509**	**$61,295,654**	**$99,235,466**	**$204,997,129**
Statewide Marketing and Outreach					
Efficiency Partnership/IOUs	$1,637,072	$1,177,690	$3,928,018	$5,189,232	$11,932,012
Runyon Saltzman & Einhorn	$344,023	$247,486	$825,456	$1,090,494	$2,507,459
Univision Television Group	$274,400	$197,400	$658,400	$869,800	$2,000,000
Statewide Marketing Campaigns Subtotal	**$2,255,495**	**$1,622,576**	**$5,411,874**	**$7,149,526**	**$16,439,471**
STATEWIDE PROGRAMS TOTAL	**$29,484,995**	**$18,859,085**	**$66,707,528**	**$106,384,992**	**$221,436,600**

Local Programs					
In-Home Audits	$187,000				$187,000
Hard-to-Reach Lighting Turn In	$539,000				$539,000
Small Business Energy Assessments	$519,000				$519,000
Nonresidential EZ Turnkey	$1,120,000				$1,120,000
Energy Code Training Program	$160,000				$160,000
Nonresidential Financial Incentives		$1,053,740			$1,053,740
Diverse Markets Outreach		$1,148,680			$1,148,680
Residential In-Home Energy Survey			$750,000		$750,000
Small Nonresidential Hard to Reach			$1,400,000		$1,400,000
Pump Test And Hydraulic Services			$1,350,000		$1,350,000
Demonstration & Information Transfer			$500,000		$500,000
Local Government Initiative			$950,000		$950,000
Codes and Standards			$66,700		$66,700
Energenius				$514,000	$514,000
Schools Resource Program				$1,028,000	$1,028,000
PEC				$3,120,000	$3,120,000
LOCAL IOU PROGRAMS TOTAL	**$2,525,000**	**$2,202,420**	**$5,016,700**	**$4,662,000**	**$14,406,120**
GRAND TOTAL	**$32,009,995**	**$21,061,505**	**$71,724,228**	**$111,046,992**	**$235,842,720**

We authorize continuation of utility programs that we approved in 2002. These programs improve upon previous programs in terms of energy savings and efficiency. We selected marketing and outreach proposals that provide energy efficiency messages to consumers through mass-market advertising campaigns, capitalizing on the success of the state's Flex Your Power campaign. The funding allocated to the 2002 studies and projects is as follows:

Projects	SDG&E	SoCalGas	SCE	PG&E	Total
1998-2002 PGC Financial Audit, Program Evaluation, and Quality Assessment	$822,857	$592,571	$1,975,429	$2,609,143	$6,000,000
2003 IOU Statewide Program Measurement and Verification	$377,143	$271,595	$905,405	$1,195,857	$2,750,000
2003 IOU Local Program Measurement and Verification	$102,857	$74,071	$246,929	$326,143	$750,000
Avoided Cost and Externality Update	$82,286	$59,257	$197,543	$260,914	$600,000
Energy Efficiency Program Groupware Application	$82,286	$59,257	$197,543	$260,914	$600,000
Energy Division Operating Costs	$40,046	$28,838	$96,138	$126,978	$292,000
Total	**$1,507,474**	**$1,085,591**	**$3,618,985**	**$4,779,950**	**$10,992,000**

II. Background

Decision (D.) 03-01-038 stated our intention to allocate $202.826 million to utilities for statewide and local programs administered in 2002 and up to $20 million for statewide marketing and outreach programs, and $10.5 million for evaluation, measurement and verification (EM&V) of utility programs and other studies. We further stated we would address the funding and the nature of the studies with our final approval of the utilities' 2003 programs.

D.03-01-038 continued funding for energy efficiency programs in the same categories as those set forth in D.01-11-066 for 2002: residential retrofit, residential new construction, nonresidential retrofit, nonresidential new construction, and "cross-cutting" programs (that is, those whose elements cut across other programs). The order defined statewide programs as those that would have identical terms and requirements, such as procedures and financial incentives, for all utilities. The order stated an intent to continue 2002 local programs into 2003 if those programs were demonstrably successful and in demand.

For 2003, each utility provided an estimate of PGC funds available for energy efficiency programs, that is, a forecast of future revenues plus funds left over from previous years including interest. Each utility proposed ways to allocate funds to various program categories. D.03-01-038 permitted competitive bidding for statewide marketing and outreach programs and suggested increased funding up to $20 million, depending on the quality of proposals.

D.03-01-038 also authorized the utilities to continue funding 2002 programs through March 31, 2003.

III. 2003 Utility Statewide and Local Programs

A. Criteria for Program Modifications

Some parties proposed modifications to some existing programs. Consistent with past orders and our duty to assure responsible use of program funds, we have adopted the modifications where doing so would improve the cost-effectiveness of the program, increase participation or promote equity. In most cases, proposed modifications would address administrative or operational shortcomings. In others, the modifications seek to incorporate new information about participant behavior or technology characteristics.

B. Statewide Programs

D.01-11-066 found that some energy efficiency programs should be uniform around the state to promote customer understanding and equitable funding across customer classes and geography.

Statewide residential retrofit programs promote energy savings in existing single-family and multi-family residences. These programs include (1) single family unit rebates for energy efficiency equipment (no lighting), (2) multi-family unit rebates for energy efficiency equipment (lighting and non-lighting), (3) residential appliance recycling, and (4) home energy efficiency surveys.

Statewide residential new construction programs fund energy efficiency products in new residential units.

Nonresidential programs fall into two general categories: retrofit and new construction. Nonresidential retrofit programs include (1) Nonresidential Standard Performance Contract (SPC) program, (2) Express Efficiency program, (3) Nonresidential audit program, and (4) Building operator training program.

Nonresidential new construction programs, such as the "Savings By Design" program, provide architects, design teams, building owners and developers funding for energy efficiency efforts that exceed the requirements in Title 24 of the California Residential Building Code.

Statewide cross-cutting programs include (1) statewide upstream lighting program, ("upstream" segments are those that are not the product users) (2) education and training program; (3) codes and standards advocacy; and (4) emerging technologies program. They also include statewide marketing and outreach programs.

Attachment 1 summarizes the program budgets and energy savings targets for the statewide programs we approve for 2003. Attachment 2 describes in more detail each statewide program, including program-specific modifications for 2003. The statewide programs we authorize for 2003 build on those authorized for 2002 in D.02-03-056.

C. Local Programs

D.02-05-046 approved funding for several local energy efficiency programs until the end of 2002. It also approved funding for 2002 and 2003 for certain programs to be implemented by third parties. Local programs are designed to take advantage of local conditions and contacts to improve program effectiveness.

The utilities proposed 16 local programs for 2003 that were originally approved in D.02-05-046. Attachment 1 summarizes the program budgets and energy savings targets for utility local programs we approve for 2003. These programs are essentially the continuation of the programs we authorized for 2002 in D.02-05-046. Attachment 2 describes in more detail each local program,

including program-specific modifications that we approved or required the utilities to implement in 2003.

IV. PG&E and the City of San Francisco's Pilot Program Proposal

PG&E joined with the City and County of San Francisco (San Francisco) to propose a "Demand Reduction Through Energy Efficiency Pilot Program" ("Pilot Program"). PG&E describes the pilot program as addressing San Francisco's specific program needs in response to the prospect for San Francisco to experience an electricity shortage in 2004-2005 and a concern that statewide programs do not adequately address the city's unique needs. For example, San Francisco has two "peak" periods -- a daytime summer peak, driven by air conditioning and lighting loads, and a winter evening peak, driven by electric heating and lighting loads. The state's Independent System Operator has identified San Francisco as a "critical grid reliability risk area" because of limited transmission capacity into the area combined with aging energy resources within the area. San Francisco argues it requires continued funding for the infrastructure it developed using SBx15 funding for retrofitting lighting in 4,000 local small businesses.

The Pilot Program would allocate $16,313,000 to San Francisco with a target savings of at least 16 megawatts (MW) by 2005 for each of San Francisco's two peak periods. In general, the program would step up existing aspects of PG&E's energy efficiency efforts, such as commercial building retrofits, marketing and education to customers with language barriers, analysis of fuel-switching applications, training San Francisco employees, and rebates for reducing on-peak usage.

PG&E and San Francisco propose to conduct a "needs assessment" in the initial months of the program and develop a plan for implementing specific program elements. PG&E proposes to divert funds from its 2003 program implementation plan for this effort. To affect this funding change, PG&E proposes the Commission delegate authority to its staff to modify 2003 plans as needed.

Women's Energy Matters (WEM) objects to funding this program. WEM observes that it is unable to comment on program elements because PG&E does not provide a budget. It comments that the program envisions preferential treatment for the customers of a single community and would shift funding from residential customers to commercial and industrial customers. WEM raises broader issues relating to PG&E's potential conflict of interest in managing energy efficiency programs and the need to empower the city to implement such programs independently.

Discussion: We are encouraged that PG&E and San Francisco worked together to develop a proposal that seeks to address the City's specific circumstances. We agree with San Francisco that PG&E's statewide programs may not meet the needs of specific geographic areas or consumer groups. We also concur with San Francisco that local governments may be good candidates to implement community programs because of their pre-existing relationships with community organizations and individuals.

We have numerous concerns about the proposal, however, as it has been presented in this proceeding. Most importantly, PG&E does not explain how the program will meet program goals to reduce demand by 16 MW during peak periods. Instead, it presents a list of possible program elements without a program budget or energy savings estimates. PG&E clarifies that it still needs to

undertake a needs assessment and present a more specific proposal for consideration. It does not explain, however, how much of its budget will go to additional administrative tasks such as data gathering, study preparation, program development and program coordination. Given the apparent concurrence of PG&E and San Francisco regarding the value of local administration of energy efficiency programs and San Francisco's explicit wish to retain its energy efficiency organization, we also wonder whether PG&E's administration of this program could present unnecessary duplication of effort.

We also weigh the conceptual benefits of a more aggressive local effort in San Francisco against the lost opportunities presented by allocating such a large proportion of funding to a single city. To the extent the cost of the San Francisco program is higher than energy efficiency programs in other areas or statewide, if the Commission approved the Pilot Program, the result could be on a reduction in overall cost-effectiveness of energy efficiency programs. On the other hand, the value of energy savings in San Francisco may be higher than in other areas of the state because of the prospect of energy shortages and the high cost of improving system reliability with additional transmission and energy generation facilities. Unfortunately, we have little information upon which to make these judgments using the information presented by PG&E and San Francisco.

Rather than take a risk with $16 million of PG&E's funding -- which is about twice what the City of San Francisco's customers contribute to PG&E's energy efficiency programs and is about 15% of PG&E's total statewide program budget -- we will here approve $8 million for the San Francisco Pilot Program. This funding would be in addition to money spent on pre-existing programs for which San Franciscans will still qualify. These funds will be set aside immediately for program implementation. In order to justify spending these

funds, PG&E must present a needs assessment and a specific program proposal as part of an advice letter filing. This assessment should include an analysis comparing the costs of proposed program elements to the costs of alternative means of improving system reliability in San Francisco, if that information is publicly available, and a more traditional cost-effectiveness analysis. PG&E should include a draft resolution proposing a program budget for San Francisco and serve a copy of this advice letter on all parties to this proceeding. We will expedite review of the advice letter.

V. Statewide Marketing and Outreach Programs

A. Proposals and Criteria for their Consideration

Statewide marketing and outreach programs are currently funded to any qualifying organization or business according to a process of competitive bidding. The utilities and third parties submitted a total of twenty-eight (28) proposals. We reviewed them in light of the Commission's criteria for such programs, expressed first in D.01-11-066. Specifically, D.01-11-066 found that marketing and outreach programs should inform consumers about ways to reduce their bills and energy consumption, emphasizing long-term structural improvements to buildings and equipment rather than behavioral changes that might require ongoing consumer education.

We reject some of the proposals because they failed to meet the established criteria. Some of the proposals would educate industry members, such as architects, engineers, and business owners, or promote certain technologies, which are more appropriately proposed as part of local programs. A number of proposals duplicate other efforts. Others would limit information

geographically and fail to meet the requirement that these marketing efforts reach all California customers.

We also reject proposals that do not provide clear schedules, those that are relatively expensive, or do not adequately describe the proposed program and budget, or failed to describe relevant work and educational qualifications necessary for marketing and outreach of energy efficiency programs.

Twenty-one of the 28 proposals presented in this docket did not meet the criteria the Commission established for these programs and we deny funding for them. Attachment 4 lists the proposals we reject and our reasons for disallowing them.

Seven proposals met the Commission's criteria. Each demonstrates the availability of qualified personnel and relevant work experience. Each would market throughout the state targeting individual consumers, and would work collaboratively with utilities and third-party implementers of local programs. The seven proposals are as follows:

- Runyon Saltzman & Einhorn, Inc. (RS&E) -- $7.65 million to target low income and rural communities using newspaper and radio advertising in English, Spanish, Korean, Chinese and Vietnamese, supplemented by brochures, direct mail and efforts of community-based organizations;

- Efficiency Partnership (EP) and utilities (SCE, PG&E, SDG&E & SCE) -- $15 million to facilitate programs and providers and extend the “Flex your Power” campaign in 2003;

- Global Energy Services -- $2.97 million for marketing and outreach in Chinese, Vietnamese and Korean languages;

- Dae Advertising/Insync -- $.944 million for outreach to Asian communities;

- Headquarters Advertising -- $2.45 million for marketing in Hispanic communities;

- Univision Television Group and Staples/Hutchinson and Associates (Univision) -- $3 million for televised marketing and information to Hispanic communities.

- Pacific Gateway -- $250,000 to promote energy efficiency programs on radio spots and during halftime breaks at professional basketball games.

Unfortunately, we have not allocated enough funding for seven marketing proposals, which total more than $32 million. Dividing less than $20 million seven ways would reduce the effectiveness of some of the projects. For this reason, we have selected those three projects that presented the most efficient budgets, propose to target the broadest audiences and appear to complement each other.

B. The Efficiency Partnership Proposal for Funding a Nonprofit Corporation

We first address the joint proposal of EP and the utilities to fund a "formal stakeholder organization in the form of a California nonprofit corporation called the Efficiency Partnership." Proponents recommend about $2.7 million in funding for this initial effort to create a new organization that would coordinate, plan and facilitate statewide energy programs. It would do so by providing a forum for representatives of business, nonprofit agencies and government who manage or administer energy efficiency programs.

Although the initial proposal does not describe specifically how it would meet its objectives, the stated goal of the Efficiency Partnership would be

to assure the delivery of the broadest array of efficient energy programs in California. In effect, the Efficiency Partnership would act as a central clearinghouse for programs statewide, moving that role away from the utilities and state government. Initial funding for the effort would be used to recruit participants from various sectors and organize a structure for third party program coordination. By proposing this new nonprofit organization, EP and the utilities appear to move program administration out of the utilities' operations and to a more independent administrator. The proposal, if implemented, is a first step in that direction and could ultimately have dramatic implications for future program management.

This proceeding sought proposals for marketing and outreach. The EP proposal goes well beyond that solicitation by seeking funding for a whole new organization that could change the way programs are coordinated and even administered. It appears to presuppose future funding by creating an institution responsible for some elements of program management. We are also concerned that the proposal itself provides almost no information about how the organization would budget allocated funds, the products it would pursue, and how the organization would be accountable to the Commission and the public.

EP's stated objectives and even the proposed institutional structure may be precisely where we are headed. Although mainly conceptual, the proposal put forth by the utilities and EP is innovative and appears to address a need. However, we cannot agree at this time to fund the creation of a new institution that could have major implications for program administration. Because we did not seek proposals in this instance for the creation of institutions that would coordinate statewide programs, we did not provide others with an opportunity to present their own ideas in the context of specific policy and

program goals. At this point, we have not articulated such program and policy goals, or considered the various options to affect them or for the role and design of a new organization. We also do not have enough information about the structure and products of the proposed organization to justify allocating millions of dollars to it.

The Commission applauds the initiative of EP and the utilities for moving our thinking ahead in this area. We commit here to developing our policy direction on the issue of future program administration in this docket, and considering the EP proposal, or modifications to it, in that context.

We will address the following questions pertinent to EP's proposal and future program management:

- How best to assure coordination between all energy efficiency program providers, including local governments, businesses, CBDs and water districts;

- How best to assure coordination between program providers and "upstream" product and service providers;

- The type(s) of organizations that would be most appropriately undertake coordination and facilitation efforts;

- Appropriate budgets and funding for coordination and facilitation efforts not conducted by the Commission.

We will solicit responses and specific proposals from any interested parties.

C. Marketing and Outreach Program Proposals

We approve funding for marketing and outreach programs on the basis of their exceptional proposals and their complementary elements, as follows:

(1) Efficiency Partnership -- $11.9 for marketing and education programs that capitalize on the "Flex your Power" campaign, and which target English and Asian-speaking audiences emphasizing structural energy savings measures rather than short term behavioral changes by consumers. (This funding is for marketing and outreach only, consistent with our discussion of EP's proposal for funding a new nonprofit corporation);

(2) RS&E -- $2.5 million for statewide programs directed to low income communities in rural areas, including grants to community-based organizations with strong community ties.

(3) Univision -- $2 million for marketing and information to Hispanic communities, using televised messages, building on its success from the previous year.

We select EP for the most substantial program work because of its extensive experience marketing energy efficiency and knowledge of related programs. EP has products that may be used in future campaigns and valuable expertise. EP will focus on broad media campaigns in English and Asian languages. We select Univision to provide marketing and information in Spanish on the basis of its strong proposal and success in the previous year. Although RS&E had a very good proposal with elements similar to those proposed by EP, it does not have the breadth or depth of experience with such programs, suggesting it may not be as cost-effective as either EP or Univision. RS&E does, however, propose a vital

program element that was not proposed by EP or Univision, namely, outreach to low income and rural communities. We therefore fund those efforts.

RS&E, EP and Univision should coordinate their efforts with each other and with the utilities and third-party implementers for consistent, coherent and timely marketing and outreach.

The total amount of funding for these marketing and outreach programs is $16.4 million, about $6 million more than we originally anticipated funding for these programs. We add to the original funding level because of our confidence in the success of the "Flex Your Power" campaign and the need to underscore the importance of energy efficiency in the minds of the public following the energy crisis. The additional funding for these programs will come from carry-over funds, consistent with summary tables.

D. Program Administration of Marketing and Outreach Programs

A third party should evaluate marketing and outreach program no later than 18 months of program initiation.

For efficient program operation, implementation plans must be submitted no later than 60 days from the date of the decision approving the marketing and outreach proposals. Each party should also post their plans on their websites in a prominent or easy-to-find location. Each plan should contain the following information:

- Title of Individual Program
- Plans to implement the decision's changes to the original proposal
- Objective measures for evaluating program success

- Hard-to-reach target and goals. Where the decision does not specify these targets and goals, the program implementer should define then in its plan. Where the decision specifies such targets, they should appear in the plan.

- Budget (current budget format may be obtained from the Energy Division).

- Description of coordination plan with other providers of marketing and outreach for consistent, coherent and timely campaigns.

The Commission will monitor and evaluate the statewide marketing and outreach programs using the plan as a benchmark. The parties should not delay the program preparations or commencement while in the preparation stage or after submission of the program implementation plans.

SCE shall continue to administer the 2003 marketing and outreach programs approved in this decision. SCE should contract with RS&E, EP and Univision to ensure that funding is used only on energy efficiency messages authorized in this decision. Program payment will depend on the implementers' compliance with the contractual requirements. The other utilities shall transfer allocated PGC funds for statewide marketing and outreach to SCE so that it may compensate RS&E, EP and Univision. In all cases, the Commission will retain total ownership interest in all content developed with the funding it awards here.

2003 Statewide Marketing and Outreach Programs	**Funding Source**				
	SDG&E	**SCG**	**SCE**	**PG&E**	**Total Budget**
Efficiency Partnership/IOUs	$1,637,072	$1,177,690	$3,928,018	$5,189,232	$11,932,012
Runyon Saltzman & Einhorn	$ 344,023	$ 247,486	$ 825,456	$1,090,494	$ 2,507,549
Univision Television Group	$ 274.400	$ 197,400	$ 658,400	$ 869,800	$ 2,000,000
Total	**$2,255,495**	**$1,622,576**	**$5,411,874**	**$7,149,526**	**$16,439,471**

VI. Measurement and Verification of Programs and Projects

D.03-01-038 set aside $10.5 million for evaluation, EM&V activities for the 2003 utility programs and related studies. This decision allocates an additional $200,000 for these activities.

D.02-05-046 authorized the utilities to carry out the statewide market assessment and evaluation (MA&E) activities for 2002, but stated our intent to reconsider this policy in the future. For 2003, the Commission will select consultants to evaluate and verify utility programs and other energy efficiency programs. We focus these efforts in 2003 on utility programs.

We intend to fund five projects for measurement and verification, described in Sections A to E below. The Commission will contract directly with firms for four projects involving audit of PGC funds, EM&V of the utilities' 2003 statewide and local programs, and an update of avoided costs. The Commission will manage all aspects of the contracts and inform utilities of amounts due to contractors. This is consistent with Section 381 directing the Commission to oversee the utilities' use of PGC funds. The Commission's Request for Proposals for these four projects are issued concurrent with this decision and posted on the Commission's website.

For the projects described in Section E, the Commission will require SCE and PG&E to conduct the solicitation and enter into contracts with the entities selected to undertake the work, coordinating with Commission staff.

The specific 2003 PGC funding levels required from each utility, for all the six projects are as follows:

A. 1998-2002 PGC Financial Audit, Program Evaluation, and Quality Assessment

The Commission will contract for a comprehensive financial audit, program evaluation and quality assessment of utility PGC fund revenue collections and program expenditures from 1998 through 2002. The purpose of this audit will be to (1) provide a comprehensive view of the effectiveness of PGC revenue collections and related energy efficiency program expenditures, (2) independently verify the milestone achievements associated with the Annual Earnings Assessment Proceeding earnings claims for 1999-2001 energy efficiency programs, (3) evaluate (pursuant to D.02-03-056) whether the providers of 2002 programs have acted reasonably to meet program goals and (4) provide baseline information to the PGC review panel pursuant to § 399.8, which directs the Governor to create in 2004. The Commission allocates up to $6,000,000 of PGC funds to this project.

B. 2003 Utility Statewide Program Measurement and Verification

The Commission will contract with a consultant to provide program measurement and verification of the 2003 utility statewide programs. The study will verify savings claims/measure installations, marketing and outreach activities, and hard to reach targets claimed by the utilities in their 2003 statewide program reports. The study will also measure energy savings and demand reductions that result from these programs.

The utilities have hired consultants to evaluate 2002 programs. Because 2003 programs will be substantially the same as 2002 programs, the 2002 evaluation of these programs is adequate. The Commission allocates up to $2,750,000 of PGC funds to this project.

C. 2003 Utility Local Program Measurement and Verification

The Commission will engage a consultant to measure and verify 2003 utility local programs. The study will verify savings claims/measure installations, marketing and outreach activities, and hard to reach targets claimed by the utilities in their 2003 local program reports. The study will also measure energy savings and demand reductions that result from these programs. This study will also involve an independent evaluation of the savings retention and persistence studies used as the basis for earnings claims in pending Annual Earning Assessment Proceedings. [1]

Because 2003 local programs will be substantially the same as 2002 local programs, an evaluation of the 2003 utility local programs is not necessary. The Commission allocates up to $750,000 of PGC funds to this project.

D. Avoided Cost and Externality Update

The Commission will contract with a consultant to update the avoided costs and "externality adders" presently used in assessing the benefits of energy efficiency programs to reflect the current societal costs of energy. This study will consider impact of including additional externality adders in program effectiveness calculations. The Commission allocates a maximum of $500,000 of PGC funds to this project.

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[1] A.00-05-002 et al., A.01-05-003 et al. and A.02-05-002 et al., which have been consolidated into a single docket.

E. Energy Efficiency Program Groupware Application

The Commission staff is overseeing implementation of multiple statewide and local energy efficiency programs. This oversight involves review of proposals, program plans, budgets, expenditures and program activity reports, as well as program monitoring, program plan modifications, and other day-to-day management assignments. The development of third-party program requires better and more consistent data from program contractors. Accordingly, we will solicit a comprehensive, groupware application to collect energy efficiency program data and assist in monitoring energy efficiency programs. The Commission will require SCE to hire a consultant to:

- Develop a Request for Proposal (RFP), coordinating with Commission staff, for development of a Web-based groupware application

- Manage the final contract

- Select and manage transactions with an application service provider that will host the groupware application and store the data.

Commission staff will supervise this project to ensure that it meets program needs. The Executive Director or his designee will have final authority to manage all activities associated with this project. Because the primary users of the groupware application will be Commission staff, selection of the project management consultant, issuance of the RFP for application development, selection of the application developer, any changes to the application developer's scope of work and any other multi-party agreement shall only be done with approval of the Executive Director or his designee.

This decision sets forth the following schedule for this project:

Event	
Release of RFP for Application Developer	60-90 days after release of Final Decision
Selection of Application Developer	90-120 days after release of Final Decision

The Commission allocates up to $600,000 of PGC funds to this project. We expect the project consultant to cost no more than $225,000. Remaining funds will be allocated to: (a) the application development phase of the project, and (b) fees to the application service provider.

VII. Accounting and Administration

A. Cost Accountability and Budget Authority

1. Separate Electric Accounts

Within 30 days of the date of this decision, SDG&E, SCE and PG&E shall each establish a separate interest-bearing bank account for funds collected from the rates for their electric energy efficiency public purpose programs. Within 45 days of the date of this decision, they shall deposit those funds monthly, including those already collected, into the accounts and report associated account activity to Commission staff as part of their current energy efficiency public purpose charge accounting. These energy efficiency accounts shall be insured by the FDIC and held in trust for the Commission on behalf of the ratepayers in the event that a utility becomes unable to fulfill its energy efficiency associated financial responsibilities.

The establishment of these accounts will protect utility customers from bankruptcy and fraud protection, and enhance financial accountability. Separate accounts will also bring the utilities further into compliance with the recently approved Energy Resolution, E-3792, which addresses how public

purpose charge funding should be collected, expended and adjusted for inflation.

2. Tracking Expenditures

This decision changes the current practice permitting the utilities to recover estimated expenditures associated with administration of energy efficiency programs. Instead, the utilities will qualify only for actual and verifiable expenses associated with specific programs. The Commission may make exceptions; for example, to avoid incentives or impose penalties. The utilities shall retain chronological paper and electronic records for both gas and electric energy efficiency programs.

B. Information and Training Programs-Accountability

D.01-11-066 committed us to scrutinize program results of marketing and outreach programs, and local programs that emphasize information and training. The order did not provide for a 15% holdback during the contract term. If the final quarterly reports do not demonstrate project success, the final quarterly payment may be subject to refund if the lack of success is due to the provider's failure to take reasonable steps to meet its program goals. This provision promotes additional accountability for programs that are less likely than other programs to be cost-effective.

C. Shifting of Funds

Utilities may shift program funds across program categories only as set forth in this section. Within the following categories, the utilities may shift no more than 10% of one program's funds into another program in the same category. A utility may only make the shift if and when it appears that, after

substantial efforts, it would otherwise be unable to use the program funding for the intended purpose.

Categories:

1. Statewide Residential Retrofit
2. Statewide Residential New Construction
3. Statewide Nonresidential Retrofit
4. Statewide Nonresidential New Construction
5. Statewide Cross-Cutting (except Codes and Standards Advocacy)

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

D. Commission Cost Reimbursement

Consistent with the State Budget Act, the utilities shall reimburse the Commission $292,000 for its energy efficiency operating costs as follows: PG&E – 30%, SCE – 30%, SDG&E – 15%, and SCG – 25%.

VIII. Comments on Draft Decision

The Commission mailed the draft decision of the ALJ to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____.

IX. Assignment of Proceeding

Loretta M. Lynch is the Assigned Commissioner and Kim Malcolm is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The purpose of this proceeding is to allocate funds for the continuation of energy efficiency programs and evaluation of them for 2003.

2. The utilities and some parties proposed minor modifications to existing programs for 2003.

3. The proposal of PG&E and the City of San Francisco to allocate $16.3 million to San Francisco may ultimately address the city's specific energy requirements and circumstances but, as presented herein, the total amount is not justified on the basis of costs or benefits, and does not provide adequate program or budget detail. A more reasonable amount for initial funding is $8 million.

4. Twenty-one of the 28 marketing and outreach proposals submitted in this proceeding do not meet the Commission's criteria for funding. Of the seven remaining proposals, three present exceptional proposals, present complementary proposals, and demonstrate requisite experience and skills.

5. The proposal of EP and utilities for the Commission to fund a new nonprofit corporation that would facilitate and coordinate statewide programs is not responsive to our solicitation for marketing and outreach programs, and may have significant implications for program administration. The proposal does not provide enough information about activities, budgets, or work products to justify requested funding.

6. EP and utilities propose a marketing and outreach effort that builds on past success with "Flex Your Power" and targets English and Asian-speaking populations.

7. Univision proposes a marketing and outreach effort that builds on past success in Spanish-speaking communities.

8. RS&E and remaining program proponents propose marketing and outreach efforts that would duplicate the work of program proponents with more experience and existing marketing products.

9. RS&E proposes a low-income and rural outreach program that complements the adopted marketing proposals of EP and Univision.

10. The evaluation and audit of energy efficiency programs and spending will assure funds are properly spent and programs are effective.

11. The development of software to monitor energy efficiency data will promote the efficient and effective management of energy efficiency programs and funding.

12. Separate accounts for energy efficiency program funds will promote financial accountability and protect consumers and programs from the effects of bankruptcy and fraud.

13. Limiting the ability of utilities to shift funds between programs is consistent with the Commission's duty to oversee program funding and promote cost-effective and fair programs.

14. Assigning one utility to administer certain program elements promotes consistency and efficiency in program management. Edison has assumed this role for the programs that are the subject of this proceeding.

Conclusions of Law

1. Energy efficiency programs should be modified to the extent those modifications would promote more cost-effective programs, increased participation, or fairness.

2. The Commission should adopt the program funding and modifications set forth in Attachment 1.

3. The Commission should allocate $8 million to the City of San Francisco for energy efficiency programs tailored to its circumstances. PG&E should file a needs assessment and program proposal as part of its quarterly evaluation, as set forth herein, copied to the assigned ALJ and energy efficiency staff.

4. The Commission should allocate funding to those marketing and outreach proposals that are most likely to be successful, that target the broadest audience and complement each other.

5. The Commission should consider proposals for changes in program administration and EP's proposal for a new nonprofit corporation in that context.

6. The Commission should allocate funding for marketing and outreach programs to EP, Univision and RS&E as set forth in this decision.

7. Public Utilities Code Section 381 directs the Commission to supervise the spending of public goods charge and thereby authorizes the Commission to contract with experts to evaluate program implementation and verify spending.

8. The Commission should evaluate and audit energy efficiency programs and spending for the period l998-2002 as set forth herein.

9. The Commission should evaluate and audit energy efficiency programs and spending in 2003 as set forth herein.

10. The Commission should update avoided costs and assess externalities to reflect the societal costs of energy.

11. The utilities should account for energy efficiency funds and provide related data to the Commission as set forth herein.

12. The utilities' authority to shift funds between programs should be limited as set forth herein.

13. Edison should continue to administer certain program elements for all utilities, as set forth herein.

INTERIM ORDER

IT IS ORDERED that:

1. We approve the statewide energy efficiency programs for 2003 as set forth in Attachment 1 to this decision. Those programs apply to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). Those investor-owned utilities (IOU) and third parties chosen to receive funding shall be eligible for no more than the amounts awarded. Program payments shall be contingent on reasonable program performance.

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

a. Title of individual program

b. Plans to implement this decision's changes to original proposals

c. Revised energy and peak demand savings targets, as well as per-unit energy savings and unit-count projections, as applicable

d. Revised cost-effectiveness calculations, as applicable

e. For information-only proposals with no energy savings targets, other objective measures for evaluating program progress

f. Hard-to-reach targets and goals. Where this decision does not specify such targets and goals, the program implementer should define them in its Plan. Where this decision specifies such targets and goals, they should be included in the Plan.

g. Budget (in the format and following the guidelines set forth in the body of this decision).

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

4. Where third parties receive funding, Edison shall administer third-party contracts. Funded parties shall file and serve required Program Implementation Plans and shall not be eligible to receive funding prior to such submission.

5. Companies awarded funding for marketing and outreach efforts shall consult with utility energy efficiency program managers and each other to coordinate the timing of statewide and utility messages and programs.

6. The utilities shall work together to market their statewide programs. To the extent the utilities offer the same programs, they shall advertise them together. Program Implementation Plans and quarterly reports shall describe utility efforts to coordinate programs. Utilities shall focus all PGC-funded marketing for programs in this decision on energy efficiency messages.

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

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

10. Utilities shall not shift program funds across program categories except as set forth herein. Within the following categories, the utilities may shift up to 10% of one program's funds into another program in the same category. The utility may only shift funding in cases where the IOU will be unable to use the program funding for the intended purpose.

Categories:

a. Statewide Residential Retrofit

b. Statewide Residential New Construction

c. Statewide Nonresidential Retrofit

d. Statewide Nonresidential New Construction

e. Statewide Cross-Cutting (except Codes and Standards Advocacy)

11. The utilities shall prominently disclose any such program fund shifting in their quarterly reports. Utilities shall file a motion to modify the 10% limitation if necessary for program success or to avoid program failure. We herein delegate authority to the assigned ALJ to resolve such motions.

12. Each utility shall establish separate accounts for energy efficiency program funds as set forth herein.

13. The utilities shall reimburse the Commission for consulting costs associated with program evaluation and measurement and shall cooperate with Commission staff and consultants on all such audits and studies, as described herein.

14. PG&E shall file an advice letter within 20 days of the effective date of this order which includes a program proposal and needs assessment for energy efficiency programs in the City of San Francisco, as set forth in this decision. The plan shall include a budget for spending $8 million. The advice letter shall include a draft resolution for the Commission's consideration and shall be served on all parties to this proceeding for comment.

15. Customer Incentive Adjustments – The IOUs shall not increase the dollar amounts of individual customer incentives above those approved in this decision and as filed in their approved Program Implementation Plans without securing prior Commission approval. They may, however, lower customer incentives at

their discretion and within five business days of doing so shall file notice with designed Commission staff and the R.01-08-028 service list indicating which incentives were decreased along with a list of the affected programs. Any requests for increases to customer incentive amounts shall be filed by Advice Letter to the attention of the Energy Efficiency Section and served on the R.01-08-028 service list. Any such Advice Letters should be filed in a timely manner, so as not to require a shortening of the comment period.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT 1

PROGRAM BUDGETS AND ENERGY SAVINGS TARGETS

Table 1. Authorized Program Budgets

	SDG&E	SoCalGas	SCE	PG&E	Total
Statewide Programs					
Residential Retrofit Programs					
Appliance Recycling	$1,000,000	$0	$6,000,000	$2,090,000	$9,090,000
Single Family Energy Efficiency Rebates	$3,979,000	$2,880,965	$6,000,000	$14,500,000	$27,359,965
Multi Family Energy Efficiency Rebates	$1,867,000	$1,657,310	$2,000,000	$3,200,000	$8,724,310
Home Energy Efficiency Surveys	$250,000	$145,803	$1,295,654	$1,508,000	$3,199,457
Residential Retrofit Sub-Total	$7,096,000	$4,684,078	$15,295,654	$21,298,000	$48,373,732
Residential New Construction Programs					
CA Energy Star New Homes Program - SF, MF	$2,562,000	$1,615,311	$5,000,000	$10,259,000	$19,436,311
Nonresidential Retrofit Programs					
Standard Performance Contract	$5,760,000	$0	$13,700,000	$22,957,000	$42,417,000
Express Efficiency	$3,364,000	$3,182,410	$7,000,000	$12,345,000	$25,891,410
Nonresidential Energy Audit	$871,000	$2,665,150	$2,200,000	$4,550,000	$10,286,150
Building Operator Certification and Training	$150,000	$142,099	$500,000	$301,000	$1,093,099
Nonresidential Retrofit Sub-Total	$10,145,000	$5,989,659	$23,400,000	$40,153,000	$79,687,659
Nonresidential New Construction Programs					
Savings by Design	$3,912,000	$2,156,966	$8,900,000	$14,296,000	$29,264,966
Statewide Crosscutting Programs					
Education and Training	$1,369,000	$1,884,310	$4,700,000	$1,402,966	$9,356,276
Codes & Standards Advocacy	$100,000	$137,061	$1,150,000	$1,386,000	$2,773,061
Upstream Residential Lighting	$1,920,000	$0	$2,000,000	$9,983,000	$13,903,000
Emerging Technologies	$125,500	$769,124	$850,000	$457,500	$2,202,124
Statewide Crosscutting Sub-Total	$3,514,500	$2,790,495	$8,700,000	$13,229,466	$28,234,461
IOU Statewide Programs Subtotal	**$27,229,500**	**$17,236,509**	**$61,295,654**	**$99,235,466**	**$204,997,129**
Statewide Marketing and Outreach					
Efficiency Partnership/IOUs	$1,637,072	$1,177,690	$3,928,018	$5,189,232	$11,932,012
Runyon Saltzman & Einhorn	$344,023	$247,486	$825,456	$1,090,494	$2,507,459
Univision Television Group	$274,400	$197,400	$658,400	$869,800	$2,000,000
Statewide Marketing Campaigns Subtotal	**$2,255,495**	**$1,622,576**	**$5,411,874**	**$7,149,526**	**$16,439,471**
STATEWIDE PROGRAMS TOTAL	**$29,484,995**	**$18,859,085**	**$66,707,528**	**$106,384,992**	**$221,436,600**
Local IOU Programs					
Residential					
In Home Audits/Surveys	$187,000		$750,000		$937,000

Hard to Reach Lighting Turn In	$539,000				$539,000
Nonresidential					
Nonresidential Financial Incentives		$1,053,740			$1,053,740
Small Business Energy Assessments	$519,000				$519,000
Nonresidential EZ Turnkey	$1,120,000				$1,120,000
Small Nonresidential Hard to Reach			$1,400,000		$1,400,000
Pump Test And Hydraulic Services			$1,350,000		$1,350,000
Crosscutting					
Diverse Markets Outreach		$1,148,680			$1,148,680
Demonstration & Information Transfer			$500,000		$500,000
Local Government Initiative			$950,000		$950,000
Local - Codes and Standards	$160,000		$66,700		$226,700
Energenius				$514,000	$514,000
Schools Resource Program				$1,028,000	$1,028,000
PEC				$3,120,000	$3,120,000
LOCAL IOU PROGRAMS TOTAL	**$2,525,000**	**$2,202,420**	**$5,016,700**	**$4,662,000**	**$14,406,120**
GRAND TOTAL	**$32,009,995**	**$21,061,505**	**$71,724,228**	**$111,046,992**	**$235,842,720**

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

Program	2003 Authorized Program Budget	2003 Program Targets		
		kWh	kW	Therms
Statewide Programs				
Residential Retrofit Programs				
Residential Appliance Recycling	$2,090,000	12,880,360	2,010	n/a
Single Family Energy Efficiency Rebates	$14,500,000	16,248,597	22,217	3,250,342
Multi Family Energy Efficiency Rebates	$3,200,000	3,092,358	845	281,696
Home Energy Efficiency Surveys	$1,508,000	n/a	n/a	n/a
Residential New Construction Programs				
CA Energy Star New Homes Program	$10,259,000	1,811,520	1,958	1,339,200
Nonresidential Retrofit Programs				
Standard Performance Contract	$22,957,000	64,160,286	7,694	2,685,333
Express Efficiency	$12,345,000	137,000,000	25,000	1,600,000
Nonresidential Energy Audit	$4,550,000	n/a	n/a	n/a
Building Operator Certification and Training	$301,000	n/a	n/a	n/a
Nonresidential New Construction Programs				
Savings by Design	$14,296,000	48,000,000	17,278	380,000
Statewide Crosscutting Programs				
Education and Training	$1,402,966	n/a	n/a	n/a
Codes & Standards Advocacy	$1,386,000	n/a	n/a	n/a
Upstream Residential Lighting	$9,983,000	210,306,440	26,078	n/a
Emerging Technologies	$457,500	n/a	n/a	n/a
PG&E Statewide Programs Total	**$99,235,466**	**493,499,561**	**103,080**	**9,536,571**
Local Programs				
Crosscutting				
Energenius	$514,000	n/a	n/a	n/a
Schools Resource Program	$1,028,000	n/a	n/a	n/a
PEC	$3,120,000	n/a	n/a	n/a
PG&E Local Programs Total	**$4,662,000**	**n/a**	**n/a**	**n/a**
PG&E Programs Total	**$ 103,897,466**	**493,499,561**	**103,080**	**9,536,571**

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

Program	2003 Authorized Program Budget	2003 Program Targets	
		kWh	kW
Statewide Programs			
Residential Retrofit Programs			
Appliance Recycling	$6,000,000	38,618,794	5,987
Single Family Energy Efficiency Rebates	$6,000,000	17,025,886	11,803
Muti Family Energy Efficiency Rebates	$2,000,000	3,989,157	314
Home Energy Efficiency Surveys	$1,295,654	n/a	n/a
Residential New Construction Programs			
CA Energy Star New Homes	$5,000,000	4,139,200	4,382
Nonresidential Retrofit Programs			
Standard Performance Contract	$13,700,000	71,656,875	14,724
Express Efficiency	$7,000,000	71,869,000	15,000
Nonresidential Energy Audit	$2,200,000	n/a	n/a
Building Operator Certification and Training	$500,000	n/a	n/a
Nonresidential New Construction Programs			
Savings by Design	$8,900,000	42,812,895	7,818
Statewide Crosscutting Programs			
Education and Training	$4,700,000	n/a	n/a
Codes & Standards Advocacy	$1,150,000	n/a	n/a
Upstream Residential Lighting	$2,000,000	34,959,185	4,913
Emerging Technologies	$850,000	n/a	n/a
SCE Statewide Programs Total	**$61,295,654**	**285,070,991**	**64,942**
Local Programs			
Residential			
Residential In-Home Survey	$750,000	n/a	n/a
Nonresidential			
Small Nonresidential Hard to Reach	$1,400,000	5,216,208	1,134
Pump Test And Hydraulic Services	$1,350,000	n/a	n/a
Crosscutting			
Demonstration & Information Transfer	$500,000	n/a	n/a
Local Government Initiative	$950,000	n/a	n/a
Codes & Standards	$66,700	n/a	n/a
SCE Local Programs Total	**$5,016,700**	**5,216,208**	**1,134**
SCE Programs Total	**$ 66,312,354**	**290,287,199**	**66,076**

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

Program	2003 Authorized Program Budget	2003 Program Targets		
		kWh	kW	Therms
Statewide Programs				
Residential Retrofit Programs				
Appliance Recycling	$1,000,000	6,044,371	920	-
Single Family Energy Efficiency Rebates	$3,979,000	8,332,654	4,038	476,998
Muti Family Energy Efficiency Rebates	$1,867,000	2,687,523	353	368,153
Home Energy Efficiency Surveys	$250,000			
Residential New Construction Programs				
CA Energy Star New Homes Program	$2,562,000	1,709,204	1,835	98,320
Nonresidential Retrofit Programs				
Standard Performance Contract	$5,760,000	15,831,723	1,972	257,876
Express Efficiency	$3,364,000	51,363,655	9,722	608,596
Nonresidential Energy Audit	$871,000			
Building Operator Certification and Training	$150,000			
Nonresidential New Construction Programs				
Savings by Design	$3,912,000	14,980,303	2,891	196,083
Statewide Crosscutting Programs				
Education and Training	$1,369,000			
Codes & Standards Advocacy	$100,000			
Upstream Residential Lighting	$1,920,000	28,149,611	3,981	-
Emerging Technologies	$125,500			
SDG&E Statewide Programs Total	**$27,229,500**	**129,099,044**	**25,711**	**2,006,025**
Local Programs				
Residential				
In Home Audits	$187,000			
Hard to Reach Lighting Turn In	$539,000	2,850,295	448	-
Nonresidential				
Small Business Energy Assessments	$519,000			
Nonresidential EZ Turnkey	$1,120,000	3,296,099	624	-
Crosscutting				
Energy Code Training Program	$160,000			
SDG&E Local Programs Total	**$2,525,000**	**6,146,394**	**1,072**	**-**
SDG&E Programs Total	**$31,201,000**	**133,742,902**	**26,675**	**2,006,025**

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

Program	2003 Proposed Program Budget	2003 Proposed Program Targets		
		kWh	KW	Therms
Statewide Programs				
Residential Retrofit Programs				
Residential Appliance Recycling				
Single Family Energy Efficiency Rebates	$2,880,965	2,675,121	758	952,328
Muti Family Energy Efficiency Rebates (1)	$1,657,310	1,695,044	1,863	755,503
Home Energy Efficiency Surveys (1)	$145,803			
Residential New Construction Programs				
CA Energy Star New Homes Program	$1,615,311	1,036,682	1,112	145,845
Nonresidential Retrofit Programs				
Standard Performance Contract				
Express Efficiency	$3,182,410	17,086	-	2,162,482
Nonresidential Energy Audit	$2,665,150			
Building Operator Certification and Training	$142,099			
Nonresidential New Construction Programs				
Savings by Design	$2,156,966	8,554,703	1,651	111,976
Statewide Crosscutting Programs				
Education and Training	$1,884,310			
Codes & Standards Advocacy	$137,061			
Upstream Residential Lighting				
Emerging Technologies	$769,124			
SoCalGas Statewide ProgramsTotal	**$17,236,509**	**13,978,635**	**5,383**	**4,128,133**
Local Programs				
Residential				
Nonresidential				
Nonresidential Financial Incentives	$1,053,740	-	-	1,453,639
Crosscutting				
Local - Diverse Markets Outreach	$1,148,680			
SoCalGas Local ProgramsTotal	**$2,202,420**	**-**	**-**	**1,453,639**
SoCalGas Programs Total	**$19,438,929**	**13,978,635**	**5,383**	**5,581,772**

(END OF ATTACHMENT 1)

ATTACHMENT 2
PROGRAM DESCRIPTIONS

(END OF ATTACHMENT 2)

(in a separate document)

ATTACHMENT 3

STATEWIDE MARKETING/OUTREACH PROGRAM PROPOSALS REJECTED

	PROPOSER	TITLE	REASON FOR REJECTION
1	ADM Associates, Inc.	Statewide Nonresidential Hard-to-Reach Mobile Energy Workshops	This is training and education program for businesses through informal workshops in strip mall shopping centers. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
2	ASW Engineering	SOS: Small Business Outreach Seminars	This is an education program for small businesses and contractors through seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate businesses and contractors fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
3	Cohen Ventures, Inc., dba Energy Solutions	Install the Savings: Statewide Mass Market Campaign	This is training and education program for salespersons and contractors through direct mail campaign. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets limited customer groups and does not use mass advertising.
4	Electric & Gas Industries Association	A Proposal to Develop & Administer A Cooperative Advertising Program For Manufactures, Distributors, Retailers and Installers of Energy Efficient Appliances and Home Improvement Products	This is an incentive program to encourage appliance manufacturers, distributors and retailers and home improvement contractors to promote products that meet Energy Star standard. The proposal is unclear and incomplete. Electric & Gas Industries plans to provide its program features and benefits, program guidelines and participating requirements when its proposal is selected for funding The program proposal targets limited customer groups and does not propose any mass advertising.
5	EnSave Energy Performance, Inc.	California Agriculture Energy Information Program	This is an education program for farmers through direct mail campaign. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets a specific customer group and does not use mass advertising.
6	FMG Marketing and InSync	Vertical Market Advertising Strategy for Specific Hard-to-reach Small Businesses	This is an education program for owners of hotels/motels, restaurants and grocery stores through magazines specific to industries, seminars and endorsement letters from industry leaders. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets limited customer group and does not use mass advertising.

7	FMG Marketing and InSync Inc	Vertical Market Advertising Strategy for Targeted Hard-to-reach Small Vendors	This is training and education program for vendors of lighting, HVAC, refrigeration, motors, food service and windows through magazines specific to business supplemented by direct mail and seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets upstream providers instead of end user customers and does not use mass advertising.
8	Geothermal Heat Pump Consortium	California Geoexchange Mass-Marketing and Consumer Outreach Program	This is training and education program for building owners, architects and engineers through already developed brochures, research reports supplemented by newspaper, radio, workshops and training. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate businesses and to promote a specific technology fit the local program category. Besides being a duplicate of currently ongoing local program, this proposal targets a very specific customer group and promotes the use of a specific technology - geothermal heat pumps.
9	Global Energy Services, Inc.	Statewide Chinese Language Efficiency Outreach Program, under the "2003 Energy Efficiency Program Selection	This is a program is designed to target Chinese consumers through radio, TV, newspapers and workshops. This program is a duplicate of a currently ongoing local program funded through PGC funds for years 2002-2003.
10	Greenlining Institute and Latino Issues Forum	Marketing and Outreach Efforts for Statewide Energy Efficiency Programs	Greenlining does not describe any program proposal and does not indicate any budget in its submittal.
11	IW Group, Inc.	Energy Efficiency for Asian Pacific Americans in California	This is training and education program for Asian Pacific American businesses through open letter endorsements by elected officials and seminars by Asian Chamber of Commerce. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
12	Local Government Commission	Statewide Redevelopment Agency Outreach	This is training and education program for developers, building managers and small commercial business owners through printed brochures and technical seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets very specific customer group and does not use mass advertising.
13	Local Government Commission	Statewide Local Government Outreach to Residents and Businesses	This is training and education program for redevelopment agencies of cities and counties. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets very specific customer group and does not use mass advertising.

14	National Center for Appropriate Technology	California Farm Energy Clearinghouse	This is training and education program for Latino small farmers and growers through radio, newspaper, internet and meetings. The campaign is concentrated in the counties of Fresno, Merced, Kern, Tulare and Monterey areas. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets a specific customer group and limited geographic areas.
15	Organizational Support Services (OSS)	Statewide Energy Efficiency Mobile Education Unit	This proposal is designed to target residential customers in four IOU territories through the use a traveling motor home with built-in Energy Star appliances and lighting. OSS plans to interact with customers on a one-to-one basis. This proposal does not meet mass marketing criteria (use of a medium or vehicle reaching mass audience at a time); this proposal fits the local program category.
16	Partnership for Environmental Progress (PEP)	Energy Efficiency Education Program	This proposal is designed to target the Hispanic community through radio ads and to distribute CFLs during community events. PEP plans to launch its campaign in Southern California only. This proposal is regional focused instead of statewide.
17	RRW Consulting	Targeting Hard-to-Reach Customers Through a Strategic Direct Marketing	This proposal is designed to target residential and nonresidential customers through direct mail campaign. Direct mail campaign is not mass marketing; this program fits the local program category.
18	Strategic Energy Innovations	The CA Multifamily Consortium - A Networked Approach to Outreach and Marketing	This is training and education program for housing managers/owners/developers, service firms, and tenant/housing associations by engaging 10 associations to conduct marketing/outreach. It is unclear how the associations will conduct marketing/outreach. It plans to distribute fact sheets, articles and conduct presentations and meetings. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category; the distribution of fact sheets and conducting presentations do not constitute mass advertising. The campaign targets a very specific customer group.
19	Target Directions, Inc.	California Energy Efficiency Center	Target Directions plans to provide toll-free phone line (24 hrs/day) with live energy efficiency advisors during regular business hours. Advisors would provide information on materials, tools, events and activities relating to energy efficiency. It assumes that IOUs will do marketing and outreach. It does not propose any marketing and outreach activities.

20	United Illuminating	eesmarts: An Energy Efficiency Education Outreach Program, Grades K to 3	This proposal is designed to distribute Dinobooks to K-3 students to increase students' awareness on energy efficiency. It is unclear how the books will educate or inform students. There is no timeline, a requirement for submitting proposals. It assumes that IOUs will do marketing activities for United. We are already funding local programs targeted at students and school districts.
21	Young Communications Group, Inc.	"SHARE THE POWER" -- Reaching the African American Residential Market	This proposal is designed to target African-Americans through development of media relations. For example, it would photograph participants and submit photo to media. It also plans to do poster/billboard campaigns wherein K-6 students may submit posters and the winning posters would travel from school to school. Providing posters and billboards to schools do not meet mass advertising; could be duplicative of local school programs already funded for 2003.

(END OF ATTACHMENT 3)

Malcolm Agenda Dec. Attachment 2 - Program Descriptions