PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION**

RESOLUTION E-3589
FEBRUARY 18, 1999

RESOLUTION

RESOLUTION E-3589. PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, SOUTHERN CALIFORNIA GAS COMPANY AND SOUTHERN CALIFORNIA EDISON COMPANY REQUESTS FOR APPROVALS OF 1999 ENERGY EFFICIENCY PROGRAMS, AS RECOMMENDED BY THE CALIFORNIA BOARD OF ENERGY EFFICIENCY. APPROVED, WITH MODIFICATIONS.

BY PG&E ADVICE LETTER (AL) 1819-E/2117-G FILED NOVEMBER 17, 1998; SDG&E AL 1132-E/1124-G FILED NOVEMBER 16, 1998; SOCALGAS AL 2760 FILED NOVEMBER 16, 1998; SCE AL 1348-E FILED NOVEMBER 16, 1998; AND CBEE AL 1-E/1-G FILED OCTOBER 16, 1998.

SUMMARY

1. Current energy efficiency programs expire February 28, 1999, however the uninterrupted delivery of energy efficiency programs is in the public interest. This Resolution approves with modifications Advice Letters (AL) received from Pacific Gas and Electric Company (PG&E) AL 2117-G/1819-E; San Diego Gas & Electric Company (SDG&E) AL 1132-E/1124-G; Southern California Gas Company (SoCalGas) AL 2760; Southern California Edison Company (SCE) AL 1348 and the California Board for Energy Efficiency (CBEE) AL 1G/1E requesting approval of 1999 Energy Efficiency Program Plans, Budgets, and Performance Award Mechanisms, pending a complete review of the submittals.

2. This Resolution authorizes on a month to month basis bridge funding and program delivery, similar to that authorized in Resolution (Res.) E-3581. It clarifies that pre-implementation tasks, necessary for timely deployment of 1999 programs after receiving Commission approval, are permitted. In addition, it authorizes PG&E to continue paying CBEE invoices in 1999 and to bill SCE and SDG&E for their proportionate shares of the CBEE expenses.

3. Letters protesting Res. E-3581 were received from the National Association of Energy Service Companies (NAESCO) and the University of California, San Diego (UCSD) dated December 15, 1998 and December 16, 1998, respectively.

4. Comments on draft Res. E-3589 were received dated January 29, 1999 from SCE, Sempra Energy on behalf of SDG&E and SoCalGas, PG&E and CBEE. Supplemental comments dated February 11, 1999 were filed by PG&E and by Sempra Energy on behalf of SDG&E and SoCalGas. Supplemental comments were filed on February 12, 1999 by SCE. NAESCO filed comments on February 12, 1999 and supplemental comments on February 17, 1999. CBEE filed also filed supplemental comments on February 17, 1999.

BACKGROUND

1. Pacific Gas and Electric Company (PG&E) filed Advice Letter (AL) 2117-G/1819-E; San Diego Gas & Electric Company (SDG&E) filed AL 1132-E/1124-G; Southern California Gas Company (SoCalGas) filed AL 2760; and Southern California Edison Company (SCE) filed AL 1348 requesting approval of 1999 Energy Efficiency Program Plans, Budgets, and Performance Award Mechanisms. As required by the Assigned Commissioner's Rulings in Rulemaking (R.)98-07-037, dated September 23, 1998 and October 1, 1998, the subject Advice Letters were filed to be consistent with the California Board for Energy Efficiency's (CBEE) Advice Letter 1G/1E, dated October 16, 1998.

2. Anticipating that authorized energy efficiency budgets and programs would not be in place for the start of 1999 and to avoid program disruption, the utilities filed additional Advice Letters in late November requesting approval of up to two months of transition funding for 1999 Energy Efficiency and Demand-Side Management Programs in lieu of authorized 1999 program budgets[1].

3. Resolution (Res.) E-3581 dated December 17, 1998 authorized the utilities and the CBEE funding in January and February of 1999, in lieu of fully authorized 1999 budgets and programs, to continue 1998 programs at 1998 existing levels and planning for 1999 programs.

4. On January 13, 1999, the utilities submitted responses to the CBEE's December 21, 1998 recommendations on 1999 Energy Efficiency Program and Budget Advice Letter filings. By request of the Energy Division, each utility mailed their responses to the Service List in R.98-07-937 and informed recipients they would be allowed ten

[1] PG&E filed AL 1821-E/2118-G; SDG&E filed AL 1133-E/1125-G; SoCalGas filed AL 2766; and SCE filed AL 1354-E on November 19, 20, 25, and 30, 1998, respectively.

working days to submit comments. The only comments on the submittal were received from the CBEE dated January 15, 1999.

NOTICE

1. Notices of PG&E AL 2117-G/1819-E, SDG&E AL 1132-E/1124-G, SoCalGas AL 2760-G, and SCE AL 1348-E were made by publication in the Commission's calendar and by mailing copies of the filing to adjacent utilities and interested parties.

PROTESTS

1. Res. E-3581 was issued before the expiration of protest period for the SCE advice letter filing. We stated at that time, however, that the merits of any subsequently filed timely protest would be considered in our Resolution on the subject of 1999 programs and budget.

2. Letters have subsequently been received from the National Association of Energy Service Companies (NAESCO) and the University of California, San Diego (UCSD) dated December 15, 1998 and December 16, 1998, respectively. Both letters express concern for the potential loss of continuity and disruption of the Non-Residential Standard Performance Contract (NRSPC) program in early 1999 and request that Res. E-3581 be modified to authorize the uninterrupted delivery and funding of the NRSPC program.

3. NAESCO states that the NRSPC program is the most important program necessary to prevent serious market interruption and customer confusion and points out that this program is identified in utility filings as the primary nonresidential market intervention strategy for 1999. NAESCO believes that the most serious potential problem posed by a delay in energy efficiency programs between the end of 1998 and the eventual start-up of 1999 programs is confusion and frustration on behalf of customers. NAESCO also believes that, for customers of the NRSPC program, it is also a high risk that this confusion and frustration will be directed at independent energy efficiency service providers, thereby undermining the development of a private market. Moreover, there is the ultimate danger that customers hurt once by a hiatus in NRSPC program service will not come back. NAESCO concludes that the Commission should direct parties to settle any outstanding policy, program design or funding issues regarding the 1999 NRSPC program that interfere with its implementation in January of 1999.

4. UCSD states that the NRSPC program should commence as of January 4, 1999 and not be "on-hold" until the complete 1999 energy efficiency program is approved by the Commission. UCSD explains that a delay in the beginning months of 1999 would affect the normal project development, design and construction process, including one of its projects that is based on some financial incentive assistance through the NRSPC program. UCSD urges the Commission to seriously consider and approve the transition funding for administrative activities for the utilities to conduct the NRSPC program without interruption in 1999 and to direct the utilities to run the program in the beginning months of 1999.

5. On February 3, 1999, Commission staff requested the utilities to augment the record in this matter with proposals which would accelerate implementation of the NRSPC program. Accordingly, supplemental comments dated February 11, 1999 were filed by PG&E and by Sempra Energy on behalf of SDG&E and SoCalGas. SCE's supplemental comments were filed February 12, 1999 and supplemental comments on February 17, 1999. CBEE also filed supplemental comments on February 17, 1999.

DISCUSSION

1. In Res. E-3581, we adopted utility requests for two months of bridge funding fully expecting that the relief granted would allow sufficient time for our review and authorization of 1999 budgets and programs requests to be completed. It appears, now, however, that it can not be accomplished before mid March. The uninterrupted delivery of energy efficiency programs being in the public interest, it is reasonable to continue the bridge authority until full authority may be offered. No pre-approval of 1999 energy efficiency budgets and programs submittals should be construed by the authority granted, herein, and is, specifically, denied.

2. In Res. E-3581, we authorized funding for CBEE and each utility for the two month bridge period consisting of January and February 1999. We, herein, authorize the currently authorized funding to continue on a month-to-month pro-rata basis, as depicted in the following table:

	Bridge Funding Authorized In Res. E-3581	Monthly Apportionment
SoCalGas	$ 1,900,000	$ 950,000
SDG&E	2,000,000	1,000,000
PG&E	8,000,000	4,000,000
SCE	8,000,000	4,000,000
CBEE	1,500,000	200,000

3. At the CBEE's request, its apportionment is $200,000 per month instead of the $750,000 that would be indicated by Res.E-3581. The reduced funding level represents slightly less than 1/12 of the CBEE's proposed 1999 Operating Budget and is sufficient to support CBEE operations.

4. To ensure uninterrupted CBEE activities, PG&E is authorized to continue paying all CBEE invoices in 1999 from the 1999 public goods surcharge funds. PG&E will bill SCE and SDG&E for their proportionate shares of the CBEE expenses, as described in D.97-04-044, D.97-05-041 and D.97-09-117.

5. All 1998 program funds must be fully encumbered before 1999 program funds may be expended.

6. Many of the utilities' 1999 program proposals represent new or substantially revised programs. We recognize the considerable planning and design effort required and authorize performance of "ramp-up", or preparation tasks, essential for quick program "roll-out"—which we will define as "when the program is open for participation"—once our review of 1999 programs is completed. Examples of such pre-implementation activities include:

- Development, issuance and conditional release of requests for proposals;
- Conducting pre-bid conferences for outsourced program activities;
- Planning for market assessment and evaluation activities;
- Development of educational materials and guides;
- Conducting training for contractors;
- Holding workshops to assist in the development of programs.

7. The Res.E-3581 criteria—that only existing and continuing programs may be funded and implemented under the authorization—permitted only a subset of the full compendium of energy efficiency programs to be offered during the bridge period. As a

result, several programs, including the NRSPC program, have been on hold and unavailable in 1999.

8. The 1999 NRSPC program is being reconfigured by the utilities, CBEE and other stakeholders trying to shift the program statewide and incorporating lessons learned from the successful introduction of the 1998 program. However, continued hiatus in the NRSPC program is confusing to utility customers and disruptive to the energy service companies (ESCOs) who participate in the program. The standstill of the NRSPC program is additionally troubling because it is consistent with the energy efficiency market transformation policy that the Commission has been endeavoring to achieve.

9. In their supplemental comments, the utilities submitted a proposal which will allow NRSPC participants to proceed with their marketing efforts and to begin processing projects developed based on the expectation of an earlier approval of 1999 programs. Scheduled operation dates have been tied to proposed performance incentive milestones, which are based on the timing of Commission approval of the 1999 programs. In response to concerns about the current unavailability of the NRSPC program, the utilities request that the set of pre-implementation activities allowed under the bridge funding be expanded to include the initial application stages of the large NRSPC.

10. PG&E offers the additional observation that adoption of the utilities' proposed NRSPC "pre-implementation activities" would allow potential project sponsors to begin their activities at least three weeks earlier than if all activity waited until Commission approval of the 1999 programs.

Large NRSPC Proposal

11. The utilities propose to release 1999 large NRSPC program materials necessary for the first step in program participation, the "basic project application" (BPA), as soon as possible. This action does not require an irrevocable commitment of public purpose funds and can be accomplished, quickly. Within five days after receiving Commission approval for this pre-implementation proposal, utilities will make available a summary of the differences between the 1999 and the 1998 large NRSPC program, as well as the necessary new BPA forms and instructions to complete the forms. In order to allow adequate time for all potential project sponsors to respond to this opportunity, the utilities propose to begin accepting BPAs for the large NRSPC on March 1, 1999. Utilities may receive BPAs and may verify their technical completeness, as part of permissible bridge funding activities. ESCOs will be notified when their BPA meets the technical requirements of the large NRSPC and that their project is in the queue for

funding, subject to Commission approval of the utilities' 1999 programs. In this way, ESCOs may commence development of their project plans before 1999 programs are approved.

12. Under the utilities' proposal, the second stage in the large NRSPC process—submission of the detailed project application (DPA)—may not occur until after the Commission has authorized the 1999 NRSPC program. The DPA can entail significant expenditure by the ESCO for engineering analysis and planning and generally takes a utility 45 days to review. A BPA submitted on March 1st would not be ready to proceed with a submission of a DPA before the expected Commission approval of the 1999 programs on March 18. Therefore, it is not necessary to address further activities beyond processing BPAs at this time. Assuming a March 18 approval date, the utilities could roll-out the 1999 large NRSPC by March 23.

13. In their supplemental comments, SoCalGas and SDG&E state that proceeding beyond the BPA phase and committing funds to project sponsors in the absence of Commission approval of the full 1999 program design and funding level could result in a finding of inappropriate and/or imprudent use of funds, which represents an unacceptable assumption of risk by them.

14. SCE supports the utility proposal, as outlined above, but notes that the cutoff of activity beyond the processing of the BPA could potentially disrupt timelines and plans for project sponsors who had already begun preparatory activities for projects under the assumption that the Commission would have granted full NRSPC program authorization as of January 1st.

Small NRSPC Proposal

15. The small NRSPC program addresses a very different market than the large NRSPC and is an entirely new program for 1999. Because of the significant amount of design work and the complexity of issues involved with this new and important program, the utilities will solicit public input on a draft program before the final program design is completed. The utilities are targeting April 2 to roll-out the small NRSPC program, even with a March 18 Commission approval of the 1999 programs.

Performance Incentive Milestones

16. The utilities and the CBEE have worked together to develop performance incentive milestones for 1999 program activities, many of which focus on the timing of the roll-out of programs. Most of the milestone dates are stated as a number of days

after the Commission approval of the 1999 programs. However, in some cases, specific dates were used and the milestone date now precedes the now-expected date for Commission action on the 1999 programs.

17. SDG&E and SoCalGas request that the Commission address this issue by taking either of the following two actions: (1) change the dates to a date after Commission approval (a specific date or some short period after Commission approval), or (2) authorize the achievement for the original milestone under the bridge funding and authorize the award to be credited towards performance incentives for 1999.

18. PG&E raises the issue of now obsolete performance incentive milestones in its supplemental comments and submits a revised milestone worksheet that changes milestone timing from specific due dates to one based on a fixed number of days after Commission approval of the program.

NAESCO Response to the Utilities' NRSPC Proposal

19. In its comments on the utilities' supplemental comments, NAESCO supports the utilities' proposal as a first step towards preventing further market interruption. It recommends that the Commission also direct the utilities to facilitate two other steps in the Standard Performance Contract (SPC) process: (1) approval of BPAs and commitment of funds (both of which would be contingent on the future Commission Resolution authorizing programs and the SPC strategies; and (2) allowing project sponsors to proceed, at their own risk, to DPAs.

20. In its supplemental comments, NAESCO states that further provisions beyond its previous recommendations must be made to prevent serious market disruption in the NRSPC program. NAESCO posits that a limited number of projects (which it believes to be under ten) were near construction status in 1998 and are now stalled due to the unavailability of 1998 SPC program funding. The great risk, according to NAESCO, is that as the hiatus in the NRSPC program continues customers of these particular projects will be forced to abandon them in order to proceed with their larger construction plans.

21. NAESCO recommends that (1) up to twenty percent of 1999 funding be authorized in this Resolution for projects marketed, planned and processed in 1998; and (2) utilities be directed to work with ESCOs to develop a modified, streamlined approval process for these projects which accommodates both their 1998 approval and and new 1999 NRSPC program guidelines. Under the NAESCO recommendation, utilities would be able to approve projects and commit funds—contingent upon a

Commission decision authorizing 1999 energy efficiency programs, and futhermore, ESCOs would be able to proceed, at their own risk, with the second stage of the SPC project approval process.

CBEE Response to the Utilities NRSPC Proposal

22. CBEE expresses support in its supplemental comments for the extension of bridge funding described in this Resolution and for the utility NRSPC "pre-implementation activities" proposal. CBEE agrees with the utilities' analysis that commitment of program funds prior to Commission authorization of the 1999 programs would be premature and inappropriate.

23. CBEE recommends that the Commission direct the utilities to implement the utility NRSPC proposal, as soon as possible, to minimize any potential lapse in market momentum. However, it recommends that all pre-implementation activities be focused on the 1999 SPC strategies, rather than the 1998 SPC program, and that the 1999 strategies be consistent with the CBEE's design recommendations for NRSPCs.

24. CBEE also recommends that the other energy efficiency programs, program elements, and strategies be implemented as soon as possible, and that pre-implementation activities for other programs be allowed to facilitate this, within the constraints of the bridge funding.

25. CBEE recommends that the utilities should be allowed to receive award credit for achievement of proposal performance award milestones during the bridge funding period and pending the Commission's adoption of approved milestones in a subsequent Resolution.

Conclusion

26. We understand from late-submitted comments from the CBEE, utilities and NAESCO that the NRSPC strategies are very close to being operational, and that all unresolved issues identified in previous documents have been or will soon be resolved among the utilities, CBEE, and parties. Therefore, we adopt CBEE's recommendation that the SPC strategies in the non-residential programs should be implemented as expeditiously as possible, and that utility-proposed pre-implementation and planning activities should be allowed and encouraged, to avoid any further lapse in market momentum.

27. By NAESCO's own analysis, the proposal submitted in its supplemental comments would go much further than the utilities' proposal towards reinvigorating the now lapsed NRSPC market. We share NAESCO's concern for preventing market disruptions but would welcome comment from other stakeholder on underlying assumptions and conclusions within the very late filed NAESCO proposal. We are unable, therefore to consider it in this Resolution. For the same reason, we are unable to consider the CBEE very late filed recommendation that pre-implementation activities for other energy efficiency programs be facilitated within the constraints of the bridge funding authorized in this Resolution.

28. We believe the utility proposal is a reasonable, albeit temporary solution to the delay in approving the full complement of 1999 programs. It is a balanced, fair proposal which allows market momentum to continue and provides opportunity for full Commission review of 1999 program proposals prior to full program implementation. It is reasonable for utilities to utilize a portion of their bridge funding to proceed with the initial application stages of the NRSPC programs, as described above.

29. We clarify that utilities should allow potential project sponsors to proceed, at their own risk, to complete DPAs, as NAESCO recommends. However, we do not authorize the utilities to approve BPAs or commit program funds prior to Commission authorization of 1999 programs and budgets. Therefore, potential project sponsors should understand fully that completion of BPAs and DPAs are being done at their own risk, with no recourse against either the Commission or any utility for reimbursement of any associated expenditures.

30. We believe the pre-implementation activities proposed by the utilities, and some of the activities proposed by NAESCO, are appropriate and should be encouraged. However, allowing these activities alone does not guarantee that the NRSPC strategies will be fully implemented in an expeditious manner, or that they will be fully operational very shortly after authorization of the 1999 programs and budgets by the Commission. Therefore, we will direct to utilities to implement the SPC strategies and have them fully operational by a date certain.

31. We direct the utilities (PG&E, SDG&E, and SCE) to implement the large customer and small customer NRSPC strategies in the non-residential programs expeditiously, with the large customer NRSPC being fully operational within 5 days and the small customer NRSPC being fully operational within 15 days of Commission authorization of the 1999 program area budgets. Given a target date of March 18, 1999 for Commission authorization of the 1999 program budgets, the large customer SPC strategy shall be fully operational by March 23, 1999, and the small customer SPC

strategy shall be fully operational by April 2, 1999. By "fully operational" we mean that the program is fully available to potential project sponsors, with new program materials available (including BPA and DPA application forms, and a statewide procedures manual), and with the program open to accept and approve applications and to commit program funds. The utilities shall make every effort to implement the small customer SPC strategy as quickly as possible following the large customer SPC strategy, in order to minimize any disadvantage to potential small customer project sponsors and customers, per the CBEE's prior recommendations.

32. To minimize any potential lapse in market momentum, the utilities are authorized to conduct utility-proposed "pre-implementation activities" associated with NRSPC strategies, including early release of BPA forms, completion of BPAs by project sponsors, and utility review of BPAs for technical completeness (but not utility approval), prior to Commission authorization of the 1999 programs and budgets. In addition, the utilities should allow potential project sponsors to proceed, at their own risk, to complete DPAs, as NAESCO recommends. However, we do not authorize the utilities to approve DPAs or commit program funds prior to Commission authorization of 1999 programs and budgets. All pre-implementation activities shall be focused on the 1999 SPC strategies, rather than the 1998 SPC program, and these strategies shall be consistent with the CBEE's design recommendations.

33. To ensure that these deadlines are met, we adjust the NRSPC performance award milestones proposed in the utilities' comments on the CBEE's December 21, 1999 comments on 1999 programs and performance awards. For the large customer NRSPC strategy base awards, the Target 1 date for program implementation and operation is revised to be within 5 days of Commission authorization, and the Target 2 date is revised to be within 6 to 35 days of Commission authorization. For the small customer NRSPC strategy base awards, the Target 1 date is revised to be within 15 days of Commission authorization, and the Target 2 date is revised to be within 16 to 45 days of Commission authorization.

34. We direct the utilities to submit a full description of the small customer and large customer SPC strategies for the non-residential programs, demonstrating the SPC strategies' consistency with the CBEE's design recommendations, and showing that all previously unresolved issues have been addressed, to the CBEE and the Energy Division for review prior to implementation of the SPC strategies.

35. Finally, with reference to the now obsolete performance incentive milestones issue, we are mindful of our policy imperative to maintain momentum and progress towards the market transformation of utility administered energy efficiency programs

and services. We authorize utilities to receive award credit for achievement of proposed performance incentive milestones during the bridge period pending our adoption of approved milestones in a subsequent Resolution.

36. The authority granted in this Resolution will remain in effect until we can address the CBEE and utility 1999 program and budget advice letter filings.

COMMENTS

1. The draft Resolution of the Energy Division in this matter was mailed on January 15, 1999 to parties in accordance with P.U. Code Section 311(g). Comments dated January 29, 1999 were received from SCE, Sempra Energy on behalf of SDG&E and SoCalGas, PG&E and CBEE.

2. On February 3, 1999, Commission staff requested the utilities to augment the record in this matter with proposals which would accelerate implementation of the NRSPC program. Accordingly, supplemental comments dated February 11, 1999 were filed by PG&E and by Sempra Energy on behalf of SDG&E and SoCalGas. SCE's supplemental comments were filed February 12, 1999. NAESCO filed comments to the utilities' supplemental comments dated February 12, 1999. On February 17, 1999, NAESCO filed supplemental comments to the utilities' supplemental comments. The CBEE filed supplemental comments on February 17, 1999.

FINDINGS

1. In Res. E-3581, we adopted utility requests for two months of bridge funding fully expecting that the relief granted would allow sufficient time for our review and authorization of 1999 budgets and programs requests to be completed. It appears, now, however, that it can not be accomplished before mid March.

2. The uninterrupted delivery of energy efficiency programs being in the public interest, it is reasonable to continue bridge authority until full authority may be offered. No pre-approval of 1999 energy efficiency budgets and programs submittals should be construed by the authority granted, herein, and is, specifically, denied.

3. Protest letters were received from NAESCO and UCSD dated December 15, 1998 and December 16, 1998, respectively. Both letters express concern for the potential loss of continuity and disruption of the NRSPC program in early 1999 and

request that Res. E-3581 be modified to authorize the uninterrupted delivery and funding of the NRSPC program.

4. The clarifications of permissible ramp-up or pre-implementation energy efficiency activities, as outlined in this Resolution, are reasonable.

5. The NRSPC proposal submitted by NAESCO in its supplemental comments would go much further than the utilities' proposal towards reinvigorating the now lapsed NRSPC market. However, it was submitted too late to be considered in this Resolution. The CBEE recommendation that pre-implementation activities of other energy efficiency programs be allowed within the constraints of this bridge funding authorization was also submitted too late for consideration in this Resolution.

6. The utility proposal that would allow project sponsors to complete and submit BPAs for processing is a reasonable, albeit temporary solution to the delay in approving the full complement of 1999 programs. It is reasonable for utilities to utilize their bridge funding to proceed with the initial application stages of the NRSPC programs.

7. The pre-implementation activities proposed by the utilities, and some of the activities proposed by NAESCO, are appropriate and should be encouraged. However, allowing these activities alone does not guarantee that the NRSPC strategies will be fully implemented in an expeditious manner, or that they will be fully operational very shortly after authorization of the 1999 programs and budgets by the Commission.

8. It is reasonable for the utilities to conduct utility-proposed "pre-implementation activities" associated with non-residential SPC strategies, including early release of BPA forms, completion of BPAs by project sponsors, and utility review of BPAs for technical completeness (but not utility approval), prior to Commission authorization of the 1999 programs and budgets. The utilities should allow potential project sponsors to proceed, at their own risk, to complete detailed DPAs, as NAESCO recommends. However, it is not reasonable for the utilities to approve DPAs or commit program funds prior to Commission authorization of 1999 programs and budgets. All pre-implementation activities should focus on the 1999 SPC strategies, rather than the 1998 SPC program, and these strategies should be consistent with the CBEE's design recommendations.

9. PG&E, SDG&E, and SCE should implement the large customer and small customer SPC strategies in the non-residential programs expeditiously, with the large customer SPC being fully operational within 5 days and the small customer SPC being fully operational within 15 days of Commission authorization of the program area

budgets. Given a target date of March 18, 1999 for Commission authorization of the 1999 program budgets, the large customer SPC strategy should be fully operational by March 23, and the small customer SPC strategy should be fully operational by April 2.

10. To ensure that these deadlines are met, we adjust the non-residential SPC performance award milestones proposed in the utilities' comments on the CBEE's December 21, 1999 comments on 1999 programs and performance awards. For the large customer SPC strategy base awards, the Target 1 date for program implementation and operation should be revised to be within 5 days of Commission authorization, and the Target 2 date should be revised to be within 6 to 35 days of Commission authorization. For the small customer SPC strategy base awards, the Target 1 date should be revised within 15 days of Commission authorization, and the Target 2 date should be revised within 16 to 45 days of Commission authorization.

11. In the interest of maintaining momentum and progress towards the market transformation of energy efficiency, it is reasonable for the utilities to receive award credit for achievement of proposed performance incentive milestones during the bridge period pending our adoption of approved milestones in a subsequent Resolution.

12. Bridge funding authority should continue month-to-month on the same pro-rata basis authorized in Res. E-3581, with the exception of the CBEE allotment, which is reset at $200,000 per month.

THEREFORE, IT IS ORDERED THAT:

1. Southern California Gas Company is authorized to spend up to $ 950,000 of its 1999 Energy Efficiency Program Budget per month, until the Commission can authorize full 1999 program funding under an approval of its AL 2760 proposed budget.

2. San Diego Gas & Electric Company (SDG&E) is authorized to spend up to $1,000,000 of its 1999 Energy Efficiency Program Budget per month period, until the Commission can authorize full 1999 program funding under an approval of its AL 1132-E/1124-G proposed budget.

3. Pacific Gas and Electric Company (PG&E) is authorized to spend up to $4,000,000 of its 1999 Energy Efficiency Program Budget per month, until the Commission can authorize full 1999 program funding under an approval of its AL 2117-G/1819-E proposed budget.

4. Southern California Edison (SCE) is authorized to spend up to $4,000,000 of its 1999 Energy Efficiency Program Budget per month, until the Commission can authorize full 1999 program funding under an approval of its AL 1348-E proposed budget.

5. The California Board for Energy Efficiency (CBEE) is authorized to spend up to $200,000 from 1998 carryover funds for 1999 operations and expenditures per month, until the Commission can authorize full 1999 program funding under an approval of its AL 1-E/1-G proposed budget.

6. Bridge funding shall be authorized to continue 1998 programs at existing levels and to continue planning and pre-implementation activities for 1999 programs. Bridge funding may not be used to "roll-out" 1999 programs. The 1998 program funds shall be fully encumbered, before 1999 program funds may be expended.

7. PG&E, SDG&E, and SCE shall implement the large customer NRSPC strategies within 5 days and the small customer SPC being fully operational within 15 days of Commission authorization of the program area budgets, targeted for March 18, 1999. The large customer SPC strategy shall be fully operational by March 23, and the small customer SPC strategy shall be fully operational by April 2. However , utilities shall not approve Detailed Project Applications (DPAs) or commit program funds prior to Commission authorization of 1999 programs and budgets.

8. For the large customer NRSPC strategy base awards, the Target 1 date for program implementation and operation is revised to be within 5 days of Commission authorization, and the Target 2 date is revised to be within 6 to 35 days of Commission authorization. For the small customer NRSPC strategy base awards, the Target 1 date is revised to be within 15 days of Commission authorization, and the Target 2 date is revised to be within 16 to 45 days of Commission authorization.

9. SoCalGas, SDG&E, PG&E and SCE are authorized to receive award credit for achievement of proposed performance incentive milestones during the bridge period pending our adoption of approved milestones in a subsequent Resolution.

10. PG&E is authorized to continue paying CBEE invoices in 1999 using the bridge funding authorized in Resolutions E-3581 and E-3589. PG&E shall bill SCE and SDG&E for their proportionate shares of the CBEE expenses.

11. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held February 18, 1999. The following Commissioners voting favorably thereon:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners