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January 22, 2010

Julie Fitch
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: PG&E Local Government Partnerships Direct Install Programs

Dear Ms. Fitch:

Pursuant to the CPUC Decision 09-09-047, Pacific Gas and Electric Company (PG&E) submits the Assessment of Small Business and Residential Direct Install Programs Coordinated by PG&E Local Government Partnerships.

Please feel free to contact me if you have any questions.

Very truly yours,

/s/

Maril L. Pitcock

cc: David Gamson (ALJ)
Jean Lamming (Energy Division)
Jeanne Clinton (Energy Division)

Redacted

Shilpa Ramaiya (PG&E)

PACIFIC GAS AND ELECTRIC COMPANY
2010-2012 ENERGY EFFICIENCY PORTFOLIO (A.08-07-021, ET AL.)

LOCAL GOVERNMENT PARTNERSHIPS DIRECT INSTALL PROGRAMS
ASSESSMENT OF SMALL BUSINESS AND RESIDENTIAL DIRECT INSTALL
PROGRAMS COORDINATED BY PG&E LOCAL GOVERNMENT PARTNERSHIPS
REPORT IN COMPLIANCE WITH DECISION 09-09-047



JANUARY 22, 2010

ASSESSMENT OF SMALL BUSINESS AND RESIDENTIAL DIRECT INSTALL PROGRAMS COORDINATED BY PG&E LOCAL GOVERNMENT PARTNERSHIPS

Background

In CPUC Decision 09-09-047 (Decision) approving the 2010–2012 PG&E Energy Efficiency Portfolio, the CPUC directed PG&E to assess the benefits of continuing small business and residential direct install programs administered by Local Government Partnerships (LGPs).

Specific directives from the Decision are detailed below:

OP 39	<p>The proposed energy efficiency Local Government Partnership programs of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are approved, subject to the following modifications:</p> <p>(at p. 386) Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall assess and report to Energy Division on best practices and the cost-effectiveness of local government direct install and utility core program marketing programs, and shall modify or eliminate such programs in early 2010, as warranted;</p>
p. 267	<p>We therefore direct the utilities to examine, and report in an assessment provided to the Energy Division by 120 days after the adoption of this decision, whether local government administration of residential and small business direct install should continue and why, on a partner-by-partner basis. In determining this, the utilities should start by considering the findings of the above referenced report on best practices in local government direct install programs, as well as pertinent 2006-2008 evaluation results. They should outline explicit benefits accruing from local government operation of direct install programs given the higher administrative costs this approach incurs.</p>
p. 267	<p>We further direct the utilities to revise any poorer performing local government partnerships to adopt best practices for residential and small business direct install programs or to eliminate these program components. In their reporting to Energy Division, PG&E and SCE shall identify where small business or residential direct install programs overseen or coordinated by government partnerships could more efficiently be run under local or statewide utility commercial or residential programs.</p>

In this report, PG&E will highlight the importance of LGP-coordinated direct install programs, as well as describe best practices to be implemented in 2010–2012.

Summary of Findings

Based on the CPUC-commissioned *Comprehensiveness in California's Small Business Retrofit Programs Within Local Government Partnerships*¹ report, as well as the findings presented in the following assessment, PG&E has determined that small business and residential direct install programs coordinated through LGPs in PG&E's service area should continue in 2010–2012. Local government partners add significant value to these programs and play a vital role in program success. As leaders in their communities, local governments are uniquely positioned to integrate direct install programs into regional climate change and local workforce development initiatives. With the consistent adoption of best practices across the entire LGP-coordinated direct install portfolio, these programs are expected to be even more comprehensive and cost-effective in 2010–2012.

Assessment of Direct Install Programs

This assessment will provide the following:

- Overview of LGP-coordinated small business and residential direct install program models
- Partnership-by-partnership list of programs to be implemented in 2010–2012
- Report findings on the benefits of these direct install programs and the value-added of local government partners
- Outline of proposed best practices to be implemented in 2010–2012

Overview of LGP-Coordinated Small Business Direct Install Program Models

Small business direct install programs promote the installation of energy efficiency measures through payment of financial incentives directly to installation contractors. These programs typically target hard-to-reach, underserved non-residential customers with peak demand of less than 100 kW. Through this delivery model, the program directly (through staff action) or indirectly (through a contractual arrangement with a third party) arranges for measures to be installed at a participating customer's premises. In many cases, the program collects a co-payment from the customer to cover a portion of the project cost (installer's labor and equipment cost) not covered by the direct install incentive.

PG&E plans to implement two LGP-coordinated small business direct install program models in 2010–2012:

- Local Government Partner Direct Install Program – Implementer is the local government partner or a third-party under contract with the local government partner.

¹ http://uc-ciee.org/energyeff/documents/Local_Government_&_Comprehensiveness.pdf

- Third Party/Government Partnership (3P/GP) Direct Install Program – Implementer is a third party under contract with PG&E but funded through the LGP budget. The local government partner will work closely with PG&E to manage and coordinate with the implementer.

For both models, the implementer will manage the day-to-day operations of the direct install program, such as marketing/outreach, auditing, developing project proposals, conducting inspections, and submitting invoices. The implementer will also install measures and/or manage installation sub-contractors.

The local government partner—whether a local government or quasi-local government organization—will jointly manage the LGP in coordination with PG&E. The local government partner can administer both resource and non-resource LGP program elements and is closely involved in coordinating the various local program stakeholders. (For additional definitions of direct install terms, refer to the Glossary in Appendix A.)

2010-2012 LGP-Coordinated Small Business Direct Install Programs

For the 2010–2012 program cycle, six LGPs will leverage the small business Local Government Partner Direct Install model: AMBAG Energy Watch, East Bay Energy Watch, Marin Energy Watch, Redwood Coast Energy Watch, San Francisco Energy Watch, and Sierra Nevada Energy Watch. These partnerships successfully implemented this model in 2006-2008 and 2009.

Of the 18 LGPs, 14 will use the 3P/GP Direct Install model to serve small businesses, non-profit organizations, special districts and municipal facilities (AMBAG and Sierra Nevada will use both models). These programs are directly implemented by existing PG&E third-party contractors, including Ecology Action, Richard Heath & Associates (RHA), Staples & Associates, Synergy, and The Energy Alliance Association (TEAA).

Table 1 provides a Partnership-by-Partnership list of LGPs and the LGP-coordinated small business direct install programs that will be implemented in 2010–2012.

Table 1: 2010–2012 LGP-Coordinated Small Business Direct Install Programs

LGP	Local Government Partner	Counties to Serve	Sm Bus DI in 2010-12?	Model	DI Implementer
AMBAG	Association of Monterey Bay Area Governments	Monterey, San Benito, and Santa Cruz	Yes	Local Partner/ 3P/GP	AMBAG and Ecology Action RightLights
CITY OF SAN JOAQUIN	City of San Joaquin	City of San Joaquin	Yes	3P/GP	RHA Energy Fitness
EAST BAY	QuEST	Alameda and Contra Costa	Yes	Local Partner	QuEST (Smart Lights & BEST)
FRESNO	City of Fresno/Fresno County	Fresno	Yes	3P/GP	RHA Energy Fitness
KERN	Kern Council of Governments	Kern	Yes	3P/GP	Staples & Associates
MADERA	County of Madera	Madera	Yes	3P/GP	RHA Energy Fitness
MARIN	Marin County Community Develop. Agency (CMCDA)	Marin	Yes	Local Partner	CMCDA (Smart Lights)
MENDOCINO	Community Develop. Commission of Mendocino Co. (CDCMC)	Mendocino	Yes	3P/GP	TEAA Energy Savers
NAPA	Sustainable Napa County	Napa	Yes	3P/GP	TEAA Energy Savers
REDWOOD	Redwood Coast Energy Authority (RCEA)	Humboldt	Yes	Local Partner	RCEA
SAN FRANCISCO	San Francisco Dept. of Environment (SFDOE)	San Francisco	Yes	Local Partner	SFDOE (ICF)
SAN JOAQUIN COUNTY	TBD	San Joaquin	Yes	3P/GP	Synergy
SAN LUIS OBISPO	San Luis Obispo Economic Vitality Corp.	San Luis Obispo	Yes	3P/GP	Staples & Associates
SAN MATEO	City/County Assoc. of Governments of San Mateo Co. (C/CAG)	San Mateo	Yes	3P/GP	Ecology Action RightLights
SANTA BARBARA	Santa Maria Chamber of Commerce	Santa Barbara	Yes	3P/GP	Staples & Associates
SIERRA NEVADA	Sierra Business Council (SBC)	Alpine, Amador, Butte, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter, Tuolumne, Yuba.	Yes	Local Partner and 3P/GP	SBC, Staples & Associates, and RHA Energy Fitness.
SILICON VALLEY	City of San Jose Environ. Services Dept	Santa Clara	Yes	3P/GP	Ecology Action RightLights
SONOMA	County of Sonoma General Services Dept	Sonoma	Yes	3P/GP	TEAA Energy Savers

Overview of LGP-Coordinated Residential Direct Install Program Models

Consistent with the small business direct install programs, PG&E plans to implement two LGP-coordinated residential direct install program models in 2010–2012:

- Local Government Partner Direct Install Program – Implementer is the local government partner or a third-party under contract with the local government partner.
- Moderate Income Direct Install Program (MIDI) – Implementer is Richard Heath & Associates (RHA) and its local installation subcontractors working for the PG&E Low Income Energy Efficiency (LIEE) program. This new LGP program will serve moderate-income customers who are not eligible to participate in LIEE.

The MIDI program will leverage the LIEE infrastructure to provide audit and installation services to underserved moderate-income customers. Under the existing LIEE program, LIEE contractors encounter customers who do not qualify for the LIEE services, either because their income level falls above the LIEE income guidelines or because they cannot produce the appropriate documentation. The LIEE providers participating in the MIDI program will serve these non-LIEE qualifying customers by completing a home audit and installing the following free measures, including comprehensive lighting, attic and pipe insulation, and low flow showerheads and faucet aerators

Under the MIDI program, LIEE contractors will receive LGP funding to serve these moderate-income customers. The local government partner will work closely with the local LIEE provider to identify underserved neighborhoods and leverage local social service and other community resources. The MIDI program will also coordinate with PG&E's Whole House Retrofit programs (Whole House) and initiatives funded under the American Recovery and Reinvestment Act (ARRA).

2010–2012 LGP-Coordinated Residential Direct Install Programs

For the 2010–2012 program cycle, five LGPs will leverage the residential Local Government Partner Direct Install model: AMBAG Energy Watch, East Bay Energy Watch, Marin Energy Watch, Redwood Coast Energy Watch, and San Francisco Energy Watch. These partnerships successfully implemented this model in 2006–2008 and 2009.

Nine LGPs have opted to participate in the MIDI program in 2010–2012 (AMBAG will utilize both models). Additional LGPs may become active in MIDI during the program cycle depending on funding and program priorities.

Table 2 provides a Partnership-by-Partnership list of LGPs and the LGP-coordinated residential direct install programs that will be implemented in 2010–2012. Counties served by each LGP are identical to the counties listed in Table 1.

Table 2: 2010–2012 LGP-Coordinated Residential Direct Install Programs

LGP	Local Government Partner	Res DI in 2010-12?	Model	DI Implementer
AMBAG	Association of Monterey Bay Area Governments	Yes	Local Partner and MIDI	AMBAG (Pacific Coast Energy Services) and RHA (MIDI)
CITY OF SAN JOAQUIN	City of San Joaquin	Yes	MIDI	RHA
EAST BAY	QuEST	Yes	Local Partner	QuEST (CYES)
FRESNO	City of Fresno/Fresno County	Yes	MIDI	RHA
KERN	Kern Council of Governments	Yes	MIDI	RHA
MADERA	County of Madera	TBD	N/A	N/A
MARIN	Marin County Community Develop. Agency (CMCDA)	Yes	Local Partner	CMCDA (CYES)
MENDOCINO	Community Develop. Commission of Mendocino Co. (CDCMC)	Yes	MIDI	CDCMC
NAPA	Sustainable Napa County	TBD	N/A	N/A
REDWOOD	Redwood Coast Energy Authority (RCEA)	Yes	Local Partner	RCEA
SAN FRANCISCO	San Francisco Dept of Environment (SFDOE)	Yes	Local Partner	SFDOE (ICF)
SAN JOAQUIN COUNTY	TBD	TBD	N/A	N/A
SAN LUIS OBISPO	San Luis Obispo Economic Vitality Corporation	Yes	MIDI	RHA
SAN MATEO	City/County Assoc. of Governments of San Mateo Co. (C/CAG)	Yes	MIDI	RHA
SANTA BARBARA	Santa Maria Chamber of Commerce	Yes	MIDI	RHA
SIERRA NEVADA	Sierra Business Council (SBC)	TBD	N/A	N/A
SILICON VALLEY	City of San Jose Environ. Services Dept	Yes	MIDI	RHA
SONOMA	Co. of Sonoma General Services Dept	TBD	N/A	N/A

Benefits of LGP-Coordinated Direct Install Programs

As outlined in the CPUC-commissioned *Comprehensiveness in California's Small Business Retrofit Programs Within Local Government Partnerships* study, LGP-coordinated direct install programs offer three primary benefits:

1. Servicing underserved sectors, including non-English speaking communities, non-profit organizations, very small businesses or otherwise hard-to-reach customers, through leveraging local government outreach and delivery channels.
2. Achieving both comprehensive energy savings as demonstrated in the CPUC comprehensiveness study² and cost-effective energy savings by packaging measures, collecting customer co-payments, and offering services community-wide through neighborhood sweeps.
3. Creating synergies with other local government outreach channels and initiatives, such as establishing climate action plans, passing local ordinances, training local contractors, and leveraging of ARRA, State Energy Program (SEP), and other funding sources available exclusively to local governments.

Serving Under-Served Customers with Local Government Resources

Both small business and residential LGP-coordinated direct install programs tend to be community-based and serve local customers who do not have easy access to program information or generally do not participate in PG&E mass market energy efficiency programs. However, these customers can benefit greatly from decreased energy costs and enhanced quality of life resulting from energy efficiency improvements.

Factors that may contribute to small business customers being underserved include:

- *Language* – Primary language spoken is not English
- *Business Size* – Less than 10 employees and/or classified as Very Small
- *Geographic* – Business located in rural areas
- *Lease* – Investments in improvements to the building benefit the business only during the lease period (split incentive); landlords benefit longer

Factors resulting in residential customer being underserved include:

- *Language* – Primary language spoken is not English
- *Income* – Customer who falls into the moderate income level (income levels less than 400% of the federal poverty guidelines)
- *Housing Type* – Multi-family and Mobile Home Tenants
- *Geographic* – Located in rural areas
- *Home Ownership* – Renters (split incentive)

Local governments make good partners for reaching underserved customers due to governments' existing connection with the community through neighborhood approaches and regular outreach campaigns in recycling and water conservation or other economic development activities. Local governments provide LGP programs with significant access to channels that successfully drive participation in EE programs.

² http://uc-ciee.org/energyeff/documents/Local_Government_&_Comprehensiveness.pdf

Several LGPs have already begun piloting targeted local outreach campaigns with the assistance of local governments and community-based organizations (CBOs). This model offers a comprehensive yet simple delivery model to provide services to a diverse set of customers.

Table 3 compares the types of non-residential customers served by PG&E Third Party direct install programs to those served by LGP-coordinated direct install programs. LGP programs serve over two thirds more small commercial customers than do Third-party programs. Many of these small businesses are traditionally underserved “mom and pop” retailers. (Note: A comparable residential analysis was not possible since Third-Party direct install programs are non-residential.)

Table 3: Comparison of Customers Served by Third-Party and LGP-Coordinated Programs

Q1–Q3 2009*	Small Commercial	Medium Commercial
All 3 rd Party Non-Residential Direct Install Programs	43%	57%
All LGP-Coordinated Non-Residential Direct Install Programs	74%	26%

* Results based on Q309 CPUC reports

LGP-coordinated small business and residential direct install programs leverage outreach channels not typically utilized by other programs such as targeting customers through local merchant and neighborhood associations, and fostering economies of scale through door-to-door campaigns in local neighborhoods and commercial districts. Teams of auditors follow up on the warm leads generated through these LGP-coordinated strategies to offer low-cost services. This “tag-teaming” between governments and local implementers proved effective as word-of-mouth excitement about services enabled sales teams to promote their services more widely.

As an added benefit, local governments know their constituencies. Each program is tailored to the needs of their communities and neighborhoods. Therefore, the services offered in rural Humboldt County vary greatly from those offered in San Francisco’s Chinatown area.

Table 4 summarizes several specific examples of LGP-coordinated direct install programs that applied innovative strategies to leverage local outreach channels.

Table 4: Unique Community Outreach Strategies Used in 2006–2009

LGP	Unique Community Outreach Strategies
San Francisco Energy Watch	SFEW targeted hard-to-reach neighborhood markets, restaurants, grocery stores, retail shops, and other locally-owned businesses. The Commercial Plus programs engaged local installation contractors through an innovative incentive program that has created dozens of green jobs. Cited as one of the most comprehensive programs with only 48% of savings coming from lighting projects. ³
East Bay Energy Watch	EBEW initiated small business campaigns in various East Bay cities including Oakland, Antioch, Benicia, Hayward and Richmond. In Hayward, outreach teams including Chamber of Commerce translators, PG&E sales representatives and vendors reached small businesses in the downtown Hayward area to provide comprehensive lighting, refrigeration and HVAC savings. Cited as one of the most comprehensive programs with only 48% of savings coming from lighting projects. ⁴
AMBAG Energy Watch	AMBAG targeted non-profit organizations by utilizing AMBAG's extensive network of cities and counties contacts to identify and serve various local health and social service non-profit organizations. The hospitality program partnered with the local hospitality association to serve almost every hotel and motel in the Monterey Bay Area.
Redwood Coast Energy Watch	RCEW implemented programs with local workforce development initiatives throughout the economically distressed Humboldt County. These programs have built energy efficiency awareness to local service providers, local distributors, and contractors while engaging various local governments in the region.

Balancing Comprehensiveness and Cost-Effectiveness

Many LGP programs have effectively taken on the challenge of addressing local markets in a comprehensive yet cost-effective way. Numerous LGP programs have determined that simply offering a select number of lighting technologies does not serve all customer needs. As pointed out in the *Comprehensiveness in California's Small Business Retrofit Programs Within Local Government Partnerships* report, different models of engagement with customers and varying levels of comprehensiveness are possible. However, in the report, several programs were recognized as encouraging comprehensiveness in terms of technologies and measure end uses (see Table 4 above for examples).

Page 264 of the Decision questions the cost-effectiveness of LGP direct install programs, implying that LGP direct install programs are not as cost-effective as comparable Third Party non-residential programs. In many cases, LGP programs compare favorably with these PG&E Third Party programs in terms of cost-effectiveness, particularly when non-resource LGP activities (and associated expenses) not directly related to direct install program implementation are removed from the cost-effectiveness calculation. As highlighted in the CPUC-commissioned report *Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government*

³ http://uc-ciee.org/energyeff/documents/Local_Government_&_Comprehensiveness.pdf

⁴ Ibid.

Partnerships Programs, energy savings and other benefits achieved through LGP non-resource activities are not currently captured in the LGP Total Resource Cost (TRC) calculation.

Creating Synergies with Other Local Government Initiatives

LGP-coordinated direct install programs have synergistic relationships with local government sustainability and work-force development initiatives. Local governments have a long-term outlook and are dedicated to building local capacity that encourages continuity of programs across funding cycles.⁵ By involving local governments in the development and implementation of direct install programs, LGPs have integrated these programs into local initiatives, providing communities measurable progress toward meeting climate action and workforce development goals.

As suggested in the CPUC-commissioned comprehensiveness report, local government initiatives can promote the success of direct install programs:

- In line with the Strategic Plan, many local governments plan to set an example by retrofitting their own municipal buildings and presenting awards to high achieving small businesses and residents.⁶
- Local governments will lend credibility by providing their authority and trustworthiness to implementers of audits and retrofits.⁷
- Local governments administering LGPs have played an integral role in developing tailored strategies for climate change implementation. These strategies include climate action plans, general plans, local ordinances, building codes, reach codes, and city- and county-wide energy reduction goal setting.
- Local governments are often interested in enhancing local workforce development and fostering training of auditors and contractors to better carry out the implementation work, thereby, developing a valuable resource for direct install programs.⁸
- Local governments are leveraging a variety of funding sources, such as ARRA and SEP funding, which can be infused into direct install programs.

Proposed Best Practices to be Implemented in 2010–2012

After over five years of implementing direct install programs, PG&E, local government partners, and implementers have identified several opportunities for improvement and numerous best practices.

In 2010–2012, all LGP-coordinated small business and residential direct install programs will be expected to leverage the proposed best practices outlined below. Widespread use of these practices will help ensure that the effectiveness of exemplary LGP programs can be mirrored by all programs. PG&E will closely monitor the progress of each LGP-coordinated direct install program to ensure that best practices are successfully adopted. Programs that do not meet performance expectations will be

⁵ http://uc-ciee.org/energyeff/documents/Local_Government_&_Comprehensiveness.pdf

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

given special assistance. If an under-performing program does not improve, PG&E will consider terminating the program.

Comprehensiveness and Referral Systems

To provide a more comprehensive offering, available direct install measures have been enhanced and standardized throughout the LGP direct install portfolio. Further, implementers will use a comprehensive checklist and customer questionnaire to identify additional measures that can be referred to other PG&E energy efficiency, demand response, and distributed generation programs. Implementers will be encouraged to aggregate energy saving opportunities at any given business with support from an LGP-wide cross-program training and referral tracking system.

Cost-Effectiveness

To improve overall cost-effectiveness, LGP-coordinated direct install programs are required to incorporate a customer co-pay option into their delivery method. Additionally, LGPs will look to decrease administrative costs and serve numerous customers in one geographic area at the same time through community saturation campaigns.

Audit Processes and Procedures

As recommended in the CPUC-commissioned *Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnerships Programs*, LGPs will increase adoption of energy efficiency measures by implementing the following strategies:

- Providing leave-behind materials and/or reports of recommendations
- Improving auditor training
- Enhancing audit processes to include an analysis of savings and return on investment
- Following up with customers after audits are performed.

Community Networking

LGP-coordinated direct install programs will continue to increase community participation by working with local community groups and chambers of commerce, using interpreters for English as a Second Language (ESL) customers, and employing PG&E representatives to accompany energy auditors. By connecting the installation of energy efficiency measures to the greater good of the community, these programs will encourage engagement in crosscutting energy-related community issues, such as county general plan updates and green building programs.

Community Sweeps

To reduce administrative and implementation costs and meet the energy efficiency goals of the community, an effort will be made to service as many customers as possible in a limited geographic area. This strategy—referred to as “community sweeps”—requires local government partners, implementers, and PG&E to work

together to identify small business and residential energy efficiency potential within targeted neighborhoods. Priorities will be set to ensure communities with the greatest potential are serviced first.

Building Long Term Relationships

One of the underlying principles of LGP-coordinated direct install programs is building long-term customer relationships. Especially in more remote areas, local residents and businesses are more likely to partner with locally established and proven businesses than with out-of-town operations. LGP programs will continue to be attentive to the needs of PG&E's diverse customer base and provide on-going support with achieving deeper energy savings.

Local Capacity Building

LGP-coordinated direct install programs will continue to focus on building local capacity. In support of the central mission of LGPs, these programs will build energy efficiency awareness, knowledge, and skills among local service providers. LGPs will actively work with local distributors, contractors, and their staff to incorporate energy efficiency into their business practices. Due to these efforts, additional local electrical supply houses will likely stock only premium efficiency ballasts, driving energy efficiency to become standard practice.

LGP-coordinated direct install programs will build on past successes of providing local contractors a competitive edge. With the detailed energy assessments and clearly outlined economic benefits from the LGP programs, customers will be better prepared to make decisions relating to energy efficiency projects. As a result, local contractors may find opportunities to work with customers who previously considered electrical work to be prohibitively expensive. Contractors will also leverage LGP incentives to encourage existing clients to move beyond the usual "fix or fail" activities and embrace energy efficiency as a way to streamline operating costs.

Quality Control

Follow-up inspections will continue to be standard procedure to ensure energy efficiency measures are correctly installed and customers are satisfied. Confidential databases with customer energy efficiency upgrades and additional measures that could be installed in the future will be maintained to ensure continuous and comprehensive services are provided to each customer. LGPs will continue to promote green business certification programs to recognize customers who meet local requirements.

Conclusion

Based on the findings presented in this assessment and the CPUC-commissioned report, PG&E has determined that small business and residential LGP-coordinated direct install programs should continue in 2010–2012. Further, PG&E has determined on a partnership-by-partnership basis that each of the partnerships listed in Tables 1 and 2 have incorporated best practices in the programs to be delivered in the 2010–

2012 cycle that will help ensure cost-effectiveness and overall program success. In addition, PG&E will work with all of these partnerships to track, maintain, and enhance cost-effectiveness, as needed.

Local government partners are an integral component to these community-based programs. With the consistent implementation of the best practices outlined above, the entire LGP-coordinated direct install portfolio is expected to perform well in 2010–2012.

APPENDIX A GLOSSARY OF LGP DIRECT INSTALL TERMS

Direct Install Program: promotes the installation of energy efficiency measures through payment of financial incentives directly to installation contractors.

Rebate Program: promotes the installation of energy efficiency measures through payment of financial incentives directly to customers.

Project Cost: labor and equipment cost associated with the installation of an energy efficiency measure.

Direct Install Incentive: financial payment made to installation contractor to assist in covering Project Costs.

Co-payment (Co-pay): payment made from Customer to installation contractor to cover portion of the Project Cost not covered by the Direct Install Incentive.

Local Partner: local or regional entity, typically a local government or quasi-local government organization, which jointly manages the Local Government Partnership in coordination with PG&E. The Local Partner typically coordinates both resource and non-resource program elements of the Partnership.

Direct Install Implementer: entity that manages the day-to-day operations of a Direct Install Program, such as marketing/outreach, auditing, developing project proposal, conducting inspections and submitting invoices. The Implementer also installs measures and/or manages installation contractors.

Local Partner Direct Install Program: implementer is a Local Partner or a third-party selected and directly managed by Local Partner. Partnerships with this program model include AMBAG, East Bay, Marin, Redwood, San Francisco, and Sierra.

3P/GP Direct Install Program: implementer is a third-party managed by PG&E with support from the Local Partner. Of the 18 LGPs, 14 apply this program model. (Sierra Nevada has both models).

Moderate Income Direct Install Program (MIDI): implementer is Richard Heath & Associates (RHA) and its local installation contractors working for the PG&E Low Income Energy Efficiency (LIEE) program. This LGP program serves moderate-income customers that are not eligible to participate in LIEE.

Under-Served Customer (Non Residential): customer who does not have easy access to program information or generally do not participate in energy efficiency programs due to:

- *Language* – Primary language spoken is not English, and/or
- *Business Size* – Less than ten employees and/or classified as Very Small, and/or
- *Geographic* – Business located in rural areas, and/or
- *Lease* – Investments in improvements to the building benefit the business only during the lease period (split incentive); landlords benefit longer.

Under-Served Customer (Residential): Customer who does not have easy access to program information or generally do not participate in energy efficiency programs due to:

- *Language* – Primary language spoken is not English, and/or
- *Income* – Customer who falls into the moderate income level (income levels less than 400% of the federal poverty guidelines), and/or
- *Housing Type* – Multi-family and Mobile Home Tenants, and/or
- *Geographic* – located in rural areas
- *Home Ownership* – Renters (split incentive).