

From: [Redacted]
Sent: 3/24/2010 5:05:25 PM
To: 'Clinton, Jeanne' (jeanne.clinton@cpuc.ca.gov)
Cc: Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); Berman, Janice S (/O=PG&E/OU=Corporate/cn=Recipients/cn=JSBa); 'Fogel, Cathleen A.' (cathleen.fogel@cpuc.ca.gov); [Redacted]
[Redacted] 'Cammarata, Jordana' (jordana.cammarata@cpuc.ca.gov)
Bcc:
Subject: Follow up to meeting on PG&E's ZNE Pilot Program

Dear Jeanne,

As Shilpa and I discussed with you earlier, we are very interested in resolving issues related to our outstanding EE advice letters. We have been working closely with your staff and are very pleased that the IDSM, Whole House, Green Communities and Green Pathways advice letters are approved. We still have two pilot advice letters outstanding, Innovator Pilots and Zero Net Energy Pilots, and the compliance advice letter. We would like very much to resolve any outstanding concerns regarding these advice letters soon and understand that you would like to discuss issues related to approval of the compliance advice letter with Jan Berman. If you can let us know what you would like to address we can better prepare for this discussion.

Earlier this month, Anna LaRue and I discussed with Cathy and Jordana the outstanding issues regarding the Zero Net Energy Pilot advice letter. As agreed, Anna has prepared a summary of the activities proposed in the July ZNE PIP, the activities proposed in the ZNE pilot advice letter, and the requested budget scenarios for further discussion with your staff. We are very interested in reaching agreement on the ZNE program so that we can actually launch this important effort and be able to provide matching funds to support the recent CSI research project approved by the Commission (see link to CPUC news release: http://docs.cpuc.ca.gov/PUBLISHED/NEWS_RELEASE/114798.htm). To the extent the pilot proves successful, we would consider seeking additional funds through a future request, as was provided for in the decision.

One of the outstanding issues, as described in Cathy's e-mail below, is that the Commission is concerned that we have proposed to scale back the pilot activities consistent with the budget proposed for the ZNE pilot in the EE Compliance AL. Energy Division is interpreting D.09-09-047 as having approved the ZNE program as submitted in the ZNE Program Implementation Plan (PIP) in July 2009 and asserting that the program should therefore be implemented unchanged. PG&E has a different interpretation of the EE decision. D.09-09-047 (at p. 179) conditionally approved the ZNE pilot program, and required PG&E to file the pilot advice letter. The decision also reduced PG&E's overall portfolio budget by \$295 million and implemented budget caps and targets. As a result, PG&E reduced budgets to almost all of its programs in compliance with the EE decision (including programs that were also approved as filed) and had to prioritize resources to meet the energy savings goals of the portfolio while remaining cost effective. We necessarily scale back the ZNE Pilot Program, as described in the pilot advice letter. To increase funding for ZNE would take funding away from other programs (which also had to be reduced).

We would be glad to discuss this further with you and/or your staff as soon as is convenient.

[Redacted]

PG&E

Regulatory Relations

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From: Fogel, Cathleen A. [mailto:cathleen.fogel@cpuc.ca.gov]

Sent: Wednesday, March 03, 2010 4:45 PM

To: Redacted

Cc: Redacted Clinton, Jeanne; Cammarata, Jordana

Subject: Outcomes from ZNE Pilot Project Meeting Today

Redacted

It was nice to see you today to discuss PG&E's ZNE Pilot Project Advice Letter (3078-G/3594-E).

Just to recap our discussion:

1) ED is putting the finishing touches on the updated "Performance Indicator Metrics" table TEMPLATE. We should have something to share with the IOUs by end of week. Carol Yin was volunteered at our 2/25 meeting to lead the IOU sub-committee to review and give feedback on and finalize this template. ED anticipates the updated PPM template can be finalized by end of week March 12. Going forward then, ED would ask PG&E to populate the revised PPM template as part of a Supplemental AL on the ZNE Pilot Project.

2) ED will expect to issue a Request for a Supplemental AL after some back and forth with you both in the next days. In sum, ED expects that a Supplemental AL will clearly outline how PG&E's ZNE Pilot Project will undertake and implement all of the program components as contained in PG&E's March/July 2009 Application filing and approved in D. 09-09-047. The Commission approved the program as filed and the expectation is that the program will be undertaken as described. We would suggest that Anna review the "dropped" program components that we identified in our meeting today and estimate a revised total program budget that would include implementation of these program components within the 2010-2012 time frame.

3) Dependent on the outcomes of an anticipated ED-PG&E discussion on the Compliance Advice Letter (PG&E 3065-G/3562-E) (anticipated between Jeanne Clinton and PG&E managers within the next one-two weeks), ED would find it acceptable for the Supplemental AL for the ZNE Pilot Project to be based on a program duration period of 2.5 years (with 2 years as a worst case scenario back-up). This is interim guidance from ED that will be clarified following the above-mentioned ED-PG&E managers meeting.

Best wishes,

Cathy Fogel

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