

PUBLIC UTILITIES COMMISSION
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3298



April 21, 2010

TO: Brian K. Cherry
 Janice Berman
 Shilpa Ramaiya
 Redacted

FROM: Energy Division

RE: Notification of Need for Supplemental Advice Letter (AL) Filing for PG&E 3065-G/3562-E

This memo is intended to formally communicate the need for a supplemental AL filing(s) to be provided no later than May 14, 2010. This memo follows a meeting on April 5, 2010, where these areas for supplemental action were identified and discussed. Below are listed the areas of clarification or correction to be included in the supplemental filing.

Please also refer to the separately attached appendices that contain Energy Division analyses and requests regarding this AL, dated March 25th, 2010 and April 5th, 2010 respectively, which were discussed in the PG&E/Energy Division meeting on April 5, 2010.

There will be a ten-day comment period from the date of the supplemental filing. The effective date for the AL will occur upon either Energy Division issuance of a disposition letter approving the AL, or a Commission resolution, whichever action is dictated upon reviewing the response.

PG&E Compliance Filing AL 3065-G/3562-E

In our letter dated March 25, 2010, Energy Division requested that PG&E address three areas of deficiency regarding this AL: (1) PG&E planned reductions in PG&E's Strategic Plan program and activity budgets; (2) The timing of commencing PG&E's on-bill financing program; and (3) Budget amounts in view of the Commission's guidelines for direct implementation non-incentive (DINI) expenditures.

1) Strategic Plan Program Budgets:

Please increase the budgets for the following programs, **for a total budget increase of between \$19 and \$25 million:**

<u>Program</u>	<u>Deficiency</u>	<u>Additional Spending Agreed at April 5th, 2010 meeting</u>
Emerging Technologies	Scope must be fully performed as approved, per July 2009 PIP, and with are the priority to receive increased funding: <ul style="list-style-type: none"> • Scaled Field Placement • Demonstration/Showcasing • Technology Supply Side Efforts • Incubation 	\$8 million
Zero Net Energy Buildings	<ul style="list-style-type: none"> • Scope must be fully performed as approved, per July 2009 PIP, and with sufficient funding to do so. 	Between \$6 and \$12 million more, as necessary to fulfill July 2009 PIP

<u>Program</u>	<u>Deficiency</u>	<u>Additional Spending Agreed at April 5th, 2010 meeting</u>
Local Government Innovator Pilots	<ul style="list-style-type: none"> Scope must be fully performed as approved, per July 2009 PIP, and with sufficient funding to do so. 	\$4.5 - 5 million

Please also file updated PIPs for these programs following the template provided previously by Energy Division. These PIPs must indicate how the programs will implement the full set of program components included in the July, 2009 PG&E Application filing (2009-2011 EE Programs).

2) **On-bill Financing:**

Energy Division staff requests that PG&E should immediately take appropriate actions to offer and support energy efficiency financing on the terms approved by Decision 09-09-047 no later than July 1, 2010. These actions should be specified in an advice letter no later than May 14, 2010, that includes:

- Submission of an on bill financing loan agreement and any other tariff changes to Energy Division.
- An abbreviated PIP that includes the following:
 - Plans for commencement of on bill financing program via “off bill” mechanisms until such time as PG&E completes its IT modifications to all eligible non-residential customers.
 - Plans for an announcement of PG&E’s new on bill financing program to and basic orientation on the on/off bill financing program requirements to all non-residential energy efficiency program implementers (including IOU core and third party programs) in the PG&E territory by July 1, 2010.
 - Program budget
 - Program description
 - Quantitative program targets
 - Program implementation steps
 - Diagram of the program
 - How on/off bill financing will coordinate with statewide, local utilities, and third party programs targeting the non-residential sector.

3) **Resource Program DINI Budgets**

The resource program DINI budgets should be reduced to provide sufficient funds for the vast majority - approximately 90% - of the portfolio budget transfers needed to augment the Strategic Plan programs as discussed above. Resource program DINI budget reductions should be focused in those illustrative program areas indicated on page 6 of the appended PG&E Compliance Filing Summary Concerns Backgrounder. Please contact Energy Division in advance of the AL Supplemental filing if you have questions on this issue.

PG&E can determine whether to file one or more supplemental AL filing(s) to address these issues, provided they are filed no later than May 14, 2010.

Questions regarding this Notification of Need for Supplemental Advice Letter (AL) filing can be directed to Cathy Fogel (cfl@cpuc.ca.gov) for issues # 1 and 3, and to Jennifer Finnigan (jf5@cpuc.ca.gov) for issue #2. Please contact Jeanne Clinton (cln@cpuc.ca.gov) with any questions concerning overall requirements.

Sincerely,
Jeanne Clinton

Energy Division
California Public Utilities Commission

Attachments: March 26, 2010 Clinton Letter (PG&E Compliance Filing Concerns 3065-G-3562-E)
 PG&E Compliance Filing Concerns Backgrounder

CC: Julie A. Fitch
Honesto Gatchalian
Maria Salinas