



June 7, 2010

Dear Mr. Rechtschaffen:

In anticipation of our meeting tomorrow, Pacific Gas and Electric Company (PG&E) wanted to provide you with information pertaining to the two areas that will be discussed: rebates for energy efficiency appliances that are not listed in the CEC's Appliance Efficiency Data Base and the quality installation of HVAC products purchased with rebates.

We look forward to our information-sharing meeting. We have and continue to provide significant support toward the two areas under discussion.

Appliance Efficiency Database

In 2009, PG&E and the other investor-owned utilities contacted almost every one of the 140 affected manufacturers identified by the CEC as not completing the CEC's certification process. PG&E contacted 41 manufacturers or 100% of the manufacturers assigned to us. PG&E understands that 31 of the manufacturers in turn contacted the CEC. Further, PG&E's data shows that 6 immediately submitted data after contacting the CEC, and 16 were in the process of doing so. The remaining manufacturers were either outside the country (e.g. France) and didn't seem to understand the process ("We already sell our product in California") or the product in question had already been discontinued.

Anecdotal complaints from the manufacturers included confusion about the process, unreturned calls from the CEC, questions about the CEC test lab vs. independent test lab (with differing results), and inconsistent updates of the CEC database. We reported these complaints to the CEC and were told that these issues did not pose problems to the certification process.

PG&E primarily rebates US Department of Energy (DOE) and US Environmental Protection Agency (EPA) ENERGY STAR® products and in fact, many of the rebates require that the product go beyond the ENERGY STAR® efficiency level to qualify for a rebate (e.g. 15% beyond ENERGY STAR®). The efficiency criteria to qualify as an ENERGY STAR® appliance is already more stringent than Title 20. ENERGY STAR® is a recognized brand for efficiency that PG&E has helped create and for which PG&E has been a longtime advocate. The brand is familiar to consumers, manufacturers, and retailers as a stamp of approval for efficiency. Limiting the availability of efficient products due to failure to certify under Title 20, despite their greater efficiency levels and approval by the DOE or EPA, would result in confusion in the market and disrupt energy savings accomplishments toward the CPUC goals, the CEC's forecasted energy efficiency accomplishments, and the AB 32 goals. Also, it seems inefficient and counterproductive to make manufacturers go through a separate process to meet a lower standard of efficiency, particularly when a governmental agency such as DOE or EPA has already certified the legitimacy of the product's efficiency.

PG&E filed its application for approval of programs and products with the CPUC four times. The application was litigated for over 2 years where information about programs, products, and incentive levels were presented and discussed with CPUC Energy Division staff in painstaking detail. The CEC served as a party to this proceeding and weighed in on certain program design issues, but never brought this concern up during the lengthy application review process with the CPUC.

Quality HVAC Installation

PG&E and the other investor-owned utilities are actively pursuing nation-leading efforts to ensure high quality installations. In its 2010-12 HVAC program, PG&E offers the Commercial Quality Installation and ENERGY STAR® Residential Quality Installation sub-programs, plus significant training and education via the HVAC Workforce Education and Training sub-program, all to support quality HVAC installation.

PG&E incents HVAC commercial products upstream. This means the distributor is given an incentive to support stocking of high-efficiency equipment and to support the additional time and resources required to “upsell” to high-efficiency equipment. At this point in PG&E’s incentive support for the HVAC, there is no sale to a customer and thus, no permit required.

A second program provides incentives to contractors through our Verification Service Providers (VSPs), who manage and hire the contractors. PG&E requires that the VSPs must specify that their contractors obtain and maintain licenses and permits required by federal, state, local, or other relevant governing or regulatory bodies to perform work under the program, which would include pulling permits for new installations. This typically happens with the VSP collecting the CF-6R form and closed permit information from their contractors, followed by an in-field inspection for a sampling of these installations.

In addition, PG&E is taking the following steps to help improve quality HVAC installations:

1. Training for Plans Examiners, Building Inspectors and Energy Consultants:

The IOUs Codes and Standards (C&S) teams are conducting a scoping study to identify the true barriers to compliance and solutions that may be employed to improve compliance across the supply chain. Overall, the team has learned that increasing training and support for local building code officials is the primary key to improving compliance. Recognizing that resources available for enforcing energy codes are extremely constrained, the C&S team is developing new training courses and job aids for plan checkers, building inspectors, and counter staff specifically targeting only those sections of the building energy code related to each particular position.

The following six new courses are currently under development and scheduled to roll out as indicated:

1. Residential Standards Essentials for Plans Examiners and Building Inspectors (available in July)
2. Nonresidential Standards Essentials for Plans Examiners and Building Inspectors (available in July)
3. Residential Standards Essentials for Energy Consultants (available in September)
4. Nonresidential Standards Essentials for Energy Consultants (available in September)
5. Best Practice Residential Performance Modeling (available in December)
6. Best Practice Nonresidential Performance Modeling (available in December)

These courses will feature a section on HVAC code requirements, equipment sizing, proper installation, compliance approaches and compliance forms.

2. Building Department Training/Process Improvement Program:

The C&S Program is supplementing the new role-based training by providing on-the-job training and support to select local building department personnel. The Program is preparing to launch a performance improvement effort with several local governments during which we'll investigate performance expectations and rewards, knowledge and skill gaps, and code enforcement processes in detail, in order to identify performance improvement opportunities to streamline enforcement practices and improve consistency across jurisdictions. Results of these research efforts will inform the total package of performance improvement solutions the Program will implement to help improve code compliance rates.

The Program will conduct a detailed review of existing building energy code permitting, tracking and inspection processes and practices, including staff interviews. Program personnel will also use the information gathered during their review to identify and create tools to simplify enforcement (i.e., electronic forms, checklists, a code manual help system, etc.) or possibly a permit tracking and management system to streamline permit applications and data recording. They will also provide the new role-based training, resources, and support for staff and local market actors, in addition to supporting market studies and tracking compliance status in participating and nearby jurisdictions.

3. Measure-Based Training:

Through utilities' energy training centers, HVAC contractors receive training on proper installation, sizing, refrigerant charge, and code requirements. The C&S team is working with Energy Centers (where energy efficiency courses are taught by the IOUs) to ensure code requirements and compliance forms are included in the appropriate courses.

4. Performance Alliance Participation:

In addition, the Codes & Standards Team participates in the regular Western HVAC Performance Alliance meetings focused on improving customer permit compliance and has been instrumental in developing the new, simplified compliance form for HVAC change outs. Through our contract with Benningfield Group, Lynn Benningfield started with the draft developed by the CEC and took the lead on finalizing the form along with multiple HVAC and compliance industry stakeholders.

As described in these efforts, PG&E significantly supports the quality installation of HVAC through its training and education efforts as well as with the contract terms with its providers.

Follow-up

PG&E looks forward to continuing the ongoing collaborative process, discussing our efforts, and hearing from you, the CEC, and the CPUC on June 8. We urge you not to take any actions that would result in upheaval in the energy efficiency efforts being pursued by California utilities, retailers, and customers through their support of DOE's and EPA's ENERGY STAR® program. PG&E will continue working with the CEC and local building officials on code compliance efforts, as described above, and would welcome your support on these efforts.

Sincerely,



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