

September 30, 2010

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

Re: Joint IOU Report on Streetlight Retrofit Program for Local Governments in Compliance with Decision 09-09-047

Dear Ms. Fitch,

In Decision 09-09-047 (Decision) approving the 2010-2012 energy efficiency portfolios for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company (SCG) (referred to collectively as the IOUs or utilities), the California Public Utilities Commission (CPUC) directed the utilities to jointly study two issues:

- The opportunity of a statewide streetlight retrofit program for local governments¹, and
- Opportunities related to leveraging ARRA funds and regional bulk purchase coordination with input from statewide local government associations and regional energy centers.²

The Decision further directed the utilities, if warranted, to submit a funding augmentation request to the CPUC for a statewide streetlight retrofit program.³ The IOUs recognize the significance of the opportunity for streetlight retrofits and intend to support local governments in reducing operating costs and achieving energy savings. For the reasons discussed below, the IOUs agree that the funding previously authorized by D.09-09-047 for the 2010-2012 portfolio will meet the needs of government streetlight retrofit programs and that no additional funding is warranted at this time.

Background

Streetlights can account for 5% to 60% or more of a municipality's electricity bill, depending on the municipality's size, the services it offers, and the efficiency of its public lighting. Thus, improving the efficiency of public lighting can help many municipalities meet their climate goals and cut their spending.⁴ Thanks to long-held relationships with local governments, the utilities are well positioned to work with cities and counties to encourage streetlight retrofits.

¹ D.09-09-047; dated September 24, 2009, OP# 39. See also p. 250.

² Id. p. 265.

³ Id. OP#39. See also p.250.

⁴ Excerpt from the Clinton Climate Initiative: Streetlighting Retrofit Projects: Improving Performance, While Reducing Costs and Greenhouse Gas Emissions

Since 2009, the opportunity for streetlight retrofits for local governments has increased, due to funding provided through the American Recovery and Reinvestment Act of 2009 (ARRA). Specifically, in 2010 the California Energy Commission (CEC) awarded \$36 million to local jurisdictions for energy efficiency; approximately 60% of the funding awarded was reserved for streetlight retrofits. The IOUs have been and continue to work closely with local governments and other stakeholders to help identify these opportunities, understand performance issues, and assist cities with streetlight conversions as appropriate.

Current IOU Streetlight Offerings

All of the IOUs have rebates and incentive programs that address the specific needs of their customers.⁵ To ensure statewide consistency, the IOUs have coordinated in developing a single list of qualified LED fixtures that meet required specifications. The IOUs believe that the incentives offered for these fixtures by the utilities through the statewide Commercial Energy Efficiency Program provide a flexible framework within which to assist cities in retrofitting their street lights, and that a separate stand-alone streetlight program is not needed.

The IOUs currently utilize several delivery channels to assist customers with LED streetlighting, including partnerships and account representatives. The partnership programs work closely with the statewide retrofit programs to ensure consistency of offerings and measures, including streetlight retrofits.

Governments are eligible for the IOUs' On-Bill Financing Program for streetlight upgrades. Additionally, each IOU has developed, or is in the process of developing, LED streetlight marketing materials, including a brochure and a dedicated webpage to further assist local government customers in selecting an LED streetlighting option that works best for them.

Further, each of the utilities offers additional assistance to customers to further promote streetlighting. Specifically:

- PG&E offers a turnkey LED streetlight replacement service for its customers through a contracted agreement. This program provides customers a one-stop solution that can significantly reduce costs compared to other alternatives, such as using city personnel or a city-acquired subcontractor to manage the project. Although outside the energy efficiency portfolio, the turnkey program coordinates with the portfolio by helping customers tap into the streetlight rebates.
- SDG&E has assisted and funded a region-wide street light working group (SLWG) to assist local governments in leveraging their ARRA funds to retrofit streetlights. The SLWG is chaired by CleanTech and is comprised of key stakeholders including regional public agencies, non profits, Dark Sky/IDA, the local astronomer community and ICLEI's San Diego Regional Climate Network. Through this working group, regional specification guidelines for both LED and

⁵ Under the statewide Commercial Energy Efficiency Program, the calculated incentive for lighting is \$0.05/kWh. SCE offers additional incentives through its Energy Leader Partnership Program. PG&E and SDG&E currently offer deemed incentives for LED streetlight fixtures; SCE's deemed incentives for these measures are currently under development.

induction technologies have been developed, a regional procurement process has been established, and regional bulk purchase coordination through a piggy back clause in the City of San Diego's RFP has been created. SDG&E has also assisted the cities in utilizing SDG&E's incentive, rebate and on bill financing programs for streetlights.

- SCE customers are eligible for standard customized incentives for streetlighting retrofits through the statewide Commercial Energy Efficiency Program. In addition, as part of SCE's Energy Leader Partnership Program, local government partners are eligible for additional incentives based on their tier.⁶ SCE's institutional partners are also eligible for higher incentives than the core program offering, based on their individual partnership agreements.⁷ Lastly, SCE's Emerging Technologies and Partnerships programs have worked together to install and assess this promising new technology in cooperation with numerous local governments, and SCE plans to further test the latest high efficiency LED streetlight solutions through scaled field placements in larger numbers to further expose forward thinking local governments to this technology.

It is important to note that there are a number of factors that may affect streetlighting opportunities in each IOU service territory. For example,

- To be eligible for an IOU rebate or incentive program, the municipality must own the streetlight targeted for retrofit. PG&E and SDG&E each own roughly 35% of their streetlight inventory, and thus have significant opportunities for local governments to participate in streetlight retrofit programs. Conversely, SCE owns the majority of its streetlight inventory, and therefore cannot currently offer standard IOU rebates to many of its customers. However, SCE recognizes the demand for more efficient streetlighting upgrades from its local governments, and is currently developing an early adopter tariff for municipalities that do not own their own streetlighting. This rate would enable interested municipalities to fund the upfront capital costs for LED upgrades, resulting in reduced energy costs in the long term. While LED fixtures are currently significantly more expensive than traditional streetlighting fixtures, this rate would allow interested municipalities to test this new technology. SCE is also exploring opportunities to offer incentives to these customers to offset this initial cost.
- PG&E has proposed a five year replacement program of its high pressure sodium vapor streetlights as part of its General Rate Case.
- Local astronomy observatories in SDG&E's service territory have raised opposition to streetlight retrofits due to the risk of increased light pollution, which creates a need to balance various customer needs when determining the appropriate technologies for retrofitting streetlights.

⁶ Energy Leader Partner incentives (in addition to core program incentives) are: Value level \$0.03/kWh; Silver level \$0.06/kWh, Gold level \$0.09/kWh, Platinum level \$0.12/kWh.

⁷ Institutional Partnership incentives (total incentives, inclusive of core program incentive) for LA County, Riverside County and San Bernardino County is \$0.15/kWh.

Coordination with Local Government Associations and Regional Centers

As part of the analysis of streetlight retrofit opportunities, the IOUs have conferred with numerous organizations including the California Streetlight Association (CAL-SLA), the Department of Energy (DOE) Municipal Solid-State Streetlighting Consortium, the Local Government Commission (LGC), the Local Government Sustainable Energy Coalition (LGSEC), and the Institute for Local Governments (ILG). The government associations and regional centers generally recognize that the IOUs offer streetlight retrofit programs tailored to their customers' needs. Key stakeholders have encouraged the IOUs to continue outreach, education, and coordination with local governments to leverage opportunities and lower costs.

To achieve greater statewide consistency and awareness, the IOUs will participate in national and regional consortiums to strengthen outreach efforts. The IOUs will also connect national efforts with regional forums to help local governments navigate opportunities for their jurisdiction and will primarily work with the DOE Municipal Solid-State Streetlighting Consortium. This Consortium was launched in April 2010 to leverage the efforts of multiple cities evaluating LED streetlighting products. The Consortium collects, analyzes, and shares information gained through LED streetlighting demonstrations, aiming to build a repository of field experience and data to accelerate the learning curve for implementing high quality, energy efficient LED streetlights. The Consortium will work with the IOUs to disseminate best practices through meetings, webcasts, web-based discussion forums and other means. Consortium efforts are funded under ARRA, and municipalities, power providers, and others who invest in street and area lighting are encouraged to join. The Consortium will host its first annual meeting on September 29, 2010.

For the 2010-2012 program cycle, the IOUs are also holding Local Government Energy Forums to share best practices among local governments across service territories and help jurisdictions understand opportunities to increase energy efficiency. These forums can be used to further share information between partners regarding streetlighting technologies.

Funding

While the IOUs do not believe additional funding is required for a stand-alone streetlight program, the IOUs will continuously monitor progress and issues related to streetlight retrofits throughout the 2010-2012 cycle and will work closely to share best practices and coordinate program offerings as applicable.

For further questions please contact:

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Sincerely,

/s/

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