



Response to SB 87 for Energy Efficiency programs

July 2011

Agenda



- How it Happened: Gas Surcharge and Senate Bill 87 Flowchart
- What it Does: Consistency in Program Operations is Vital
- How We Can Fix It: Policy Timeline and Historical Basis
- Details Background: Accounting
- Solution Details: Funds to Keep Energy Efficiency Thriving
- Taking the Wrong Step: Snap Decisions Lead to Irrational Outcomes
- Two Paths Forward: Next Steps

Gas Surcharge and Senate Bill 87 Flowchart



Consistency in Program Operations is Vital

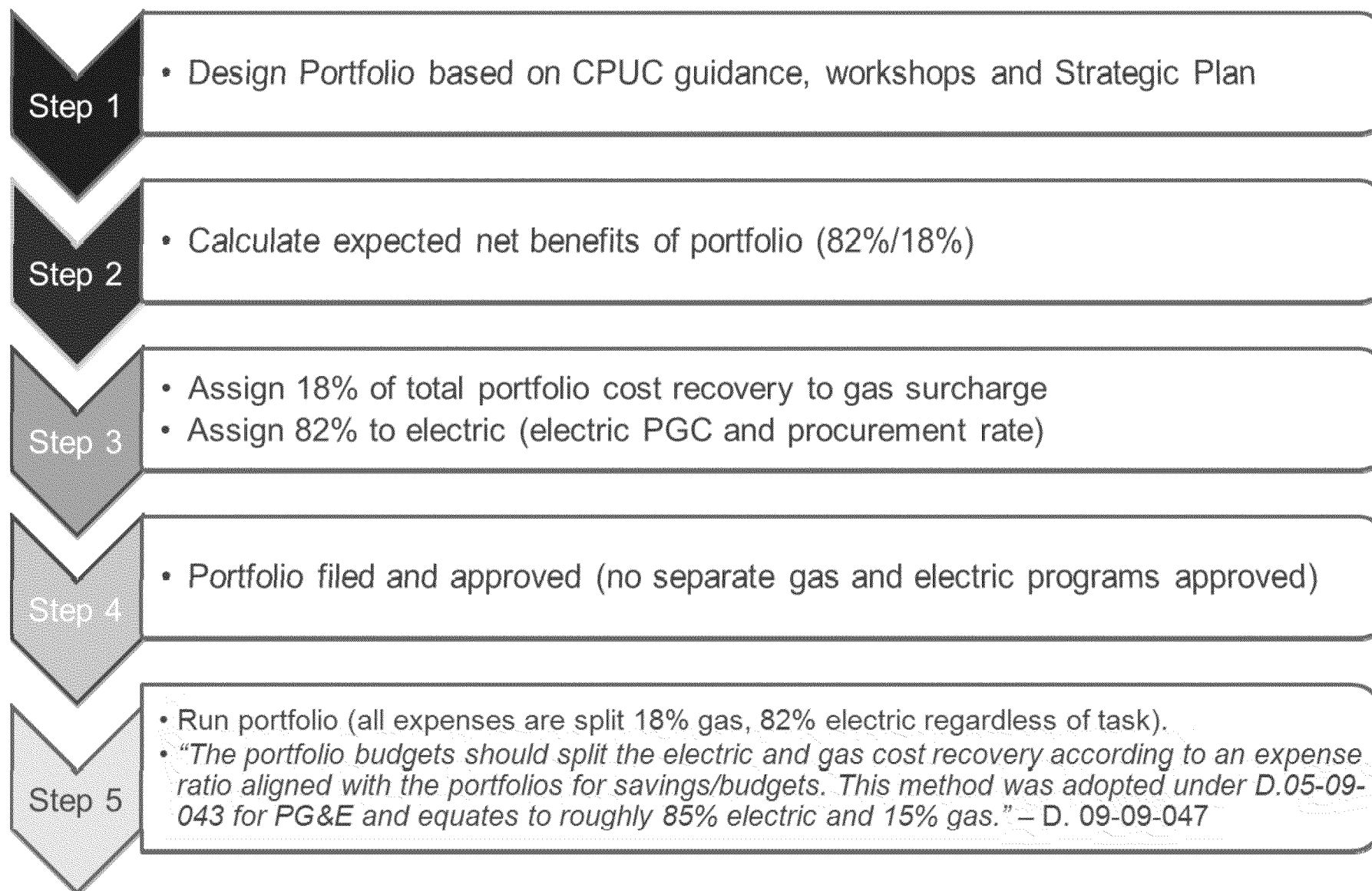


Motion's Request: Use previously-collected, unspent EE funds to continue CPUC-adopted programs per D.09-09-047, and prevent loss of momentum and program cancellation.

Abrupt Cancellation of Programs can...

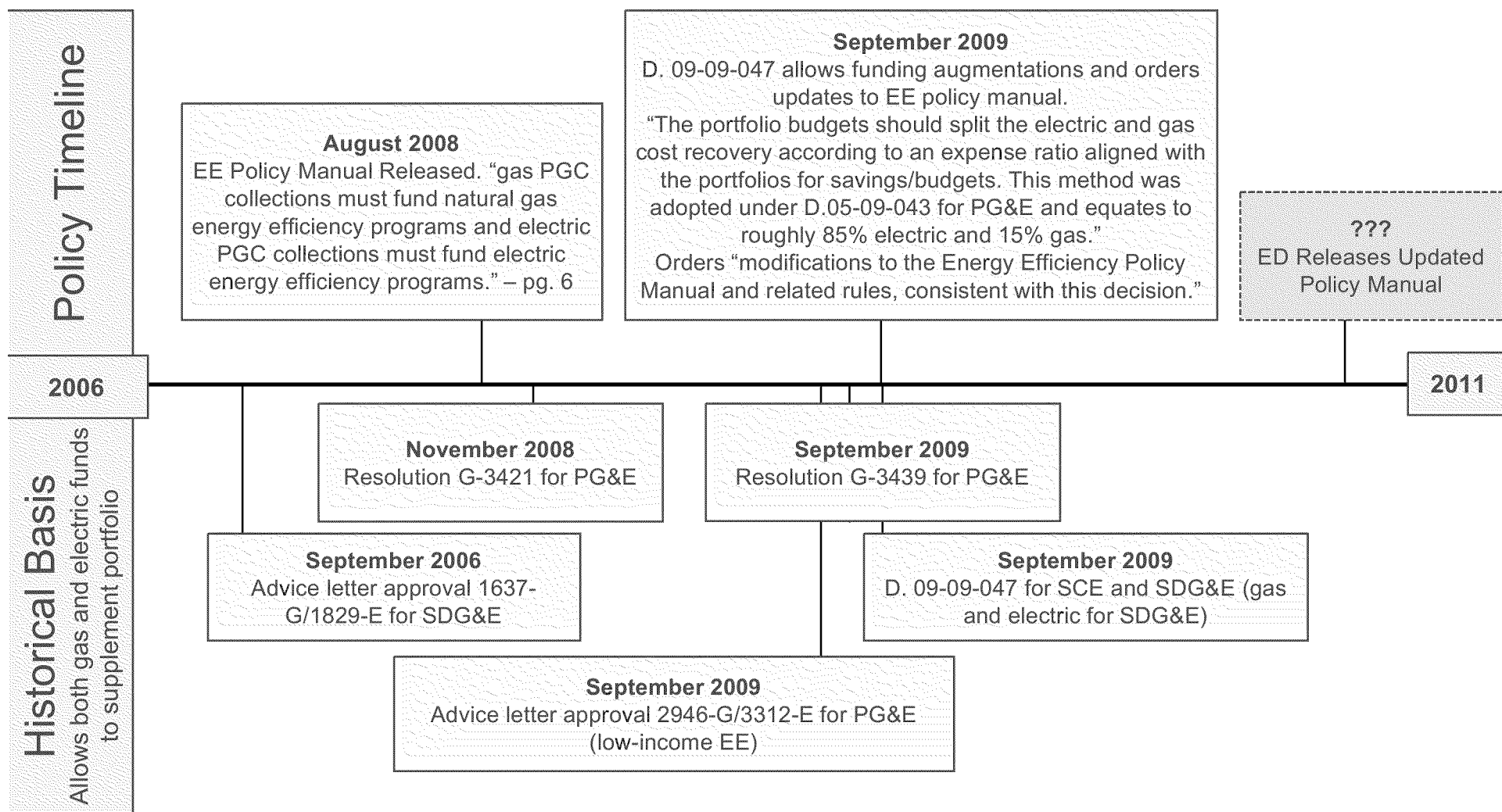
- Halt momentum of EE
- Create mistrust and cynicism for EE programs with customers and industry
- Remove EE from the top of California's loading order
- Stand in opposition of AB 32 and other GHG reduction efforts

Approved Accounting Background





Policy Timeline and Historical Basis



Funds to Keep Energy Efficiency Thriving



TABLE 1 from Motion – Summary of SB 87 Funds Transfer and Available Funds to Offset Transfer

	PG&E	SDG&E	SCG	IOU Total
EE Funding Reduction from SB 87 (FY 2011-12)	\$63,550,000	\$15,500,000	\$75,950,000	\$155,000,000
Pre-2010 Unspent, Uncommitted, Available Funds	\$55,138,574	\$ 8,527,749	\$36,391,734	\$100,058,077
Pre-2010 EM&V Unspent, Uncommitted, Available Funds	\$13,500,000	\$303,467	\$3,235,489	\$17,038,956
Total Available Funds (summing two lines above)	\$68,638,574	\$8,831,216	\$39,627,223	\$117,097,013

Snap Decisions on Program Priorities Lead to Irrational Outcomes



Errors Contained in Ruling:

1. Lack of acknowledgement that portfolio is built around customers, not gas or electric commodities.
2. Energy Upgrade amount for PG&E of \$18.7M is not merely for gas and is not traceable to portfolio information¹.
3. Already authorized funding is double counted as available to both offset the gas sweep and to meet current commitments.
4. Percentages of budget are incorrect. These percentages are of the expected collection rate, not the fiscal year budget.
5. Reduced Funding Level Calculated Incorrectly. $\$176.6\text{M} - \$155\text{M} = \$21.6\text{M}$.
6. Failure to account for spending occurring while regulatory process occurs and necessary shutdown process.

1 – pg. 8, “Specifically, PG&E would have approximately \$18.7 million to continue its ARRA programs and approximately \$7.9 million to continue its TRC gas programs.”

Next Steps

Next Steps for Motion:

- July 1: Motion Filed
- July 21: Party Responses due
- End of July: ALJ or Assigned Commissioner issues ruling adopting Motion
 - From the CPUC's Rules of Practice and Procedure: "11.1(g) Nothing in this rule prevents the Commission or the Administrative Law Judge from ruling on a motion before responses or replies are filed."

Next Steps for Commissioner Ruling:

- July 21: Opening Comments and Reduction Proposal
- July 28: Reply Comments
- TBD Workshop
- TBD White Paper
- TBD Proposed Decision
- TBD Opening Comments
- TBD Reply Comments
- ***Decision... 2011... 2012...***