

Joint IOU Solution Keeps Gas EE Programs Running and Should Be Expeditiously Approved.

- **SB87 Budget Transfers Gas EE Money to General Fund**
 - On June 29, 2011, the Governor signed SB87, which allows the State to transfer up to \$155 million in gas surcharge funds to the general fund for fiscal year 2011-2012, impacting customers of PG&E, SDG&E, and SoCalGas. PG&E's estimated share of the gas sweep is \$64 - \$68 million, out of an annual gas energy efficiency budget of \$80.3 million.

- **The Joint IOU Solution To Use Unspent, Uncommitted Funds Is Consistent with Past Commission Practice and Should Be Expeditiously Approved**
 - The Joint IOUs filed a motion on July 1, 2011 seeking authority to use combined gas and electric unspent, uncommitted funds from pre-2010 energy efficiency program cycles to prevent curtailment of energy efficiency programs. For PG&E, prior cycle's unspent, uncommitted funds would be sufficient to fully mitigate SB87's impact for the current fiscal year.
 - This approach is consistent with the Commission's longstanding practice of authorizing the use of unspent, uncommitted funds from prior program cycles to augment current program funding without making a distinction between gas and electric funds. It is supported by over a decade of case history and prior decisions demonstrating the legality of using gas and electric funds interchangeably, including D. 09-09-047 which governs the 2010-2012 Portfolios. The Division of Ratepayer Advocates also supports the legality of this approach.

- **Assigned Commissioner's Ruling – Leads to Shutdown of Gas Programs**
 - On July 7, Commissioner Ferron issued an Assigned Commissioner's Ruling questioning the legality of using gas and electric funds interchangeably, and directing the Joint IOUs to file proposed reductions to the gas energy efficiency programs. The ACR proposed that only the gas portion of prior cycles' unspent, uncommitted **gas** funds should be applied to mitigate the impacts. This approach would require an immediate halt to PG&E's gas EE activities.

- **Customer Impact of the ACR – Insufficient Even for Committed Projects**
 - Under the interpretation provided in the ACR, PG&E would be left with only \$12.5 million in fiscal 2011-2012 for gas energy efficiency programs, out of its annual \$80.3 million budget. This residual budget of \$12.5 million is insufficient to fund even the 660 existing, committed customer projects in PG&E's pipeline, with pending rebate applications of \$33.4 million.
 - Early next week, PG&E is planning to announce the suspension of gas EE rebates and creation of a wait list. PG&E intends that effective Sept 1, PG&E will suspend payment of gas EE measure rebates and incentives for deemed applications not yet received, and for calculated projects not yet inspected by Aug 31. If the reduced budget is not sufficient, PG&E will not make payments even to inspected projects consistent with the project agreements.

- **A final decision adopting the Joint IOU approach on September 22 would allow the program to recommence.**

Available Unspent, Uncommitted Funds from Pre-2010 Programs

	PG&E	SDG&E	SCG	IOU Total
Gas Portion of Annual 2010-2012 EE Funding	\$80,280,000	\$18,533,333	\$66,027,000	\$176,630,561
SB87 Reduction	\$63,550,000	\$15,500,000	\$75,950,000	\$155,000,000
Unspent, Pre-2010 Funds	\$68,649,592	\$7,159,574	\$31,352,793	\$107,161,959

Gas Customer Impacts: Commitments and Savings

Channel	Number of Customers	KW Savings	kWh Savings	Therm Savings	Gas Commitments
Third Party	137	4,609	23,682,637	10,277,181	\$10,277,181
Statewide Programs	359	8,435	50,119,420	27,596,906	\$17,099,715
Government Partnerships	164	3,067	15,680,096	3,854,726	\$6,054,347
Total	660	16,111	89,482,153	41,728,813	\$33,431,243

Categories of customers whose projects could be halted include:

- Schools and Colleges – \$5.6M
- Hospitals and Medical – \$1.6M
- Large Commercial – \$1.7M
- Heavy Industry – \$17.6M
- Agricultural – \$4.5M
- High Tech – \$1.8M

Specific impacted customers would include:

- Oakland, San Leandro, Central and Stockton Unified School Districts
- Children’s Hospital
- San Joaquin General Hospital
- Kaiser Foundation
- Google
- UC Berkeley, UC Santa Cruz, UC Davis and UC Merced
- KPIX
- Apple

Programs Constrained:

- Residential – All Gas Rebates
- Commercial Incentives – All Gas
- 14 of 19 Gov’t Partnerships that include gas measures
- 17 of 50 Third-Party Programs that include gas measures
- On-Bill Financing – 18% cut
- Emerging Technologies –25% cut
- Statewide EE Integration – 18% cut
- Local EE Integration – 27% cut
- Innovator Pilots –25% cut
- Green Communities –25% cut
- Zero Net Pilots – 64% cut
- EM&V – 18% cut