From: Tisdale, Matthew
Sent: 11/22/2011 9:42:12 AM
To: Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4); Michael.Hoover@sce.com (Michael.Hoover@sce.com)
Cc:
Bcc:
Subject: Rolling Funding for EE

Sid and Mike,

Yesterday I was talking with some representatives from Lockheed Martin who are currently under contract with both PG&E and SCE to provide customer project support. They were explaining that because their projects have a long lead time (15 mos), they have/will soon cease EE activities and, assuming their contract gets extended, will remain on hold until the bridge cycle begins.

The details of the situation are best left to you, but I did want to take this opportunity to remind the IOUs that D0909047, section 9.2.2 (page 309, pasted below) allows for pretty seemless "rolling" funding. The purpose of the language was to give the IOUs enough continuing authority to prevent start-stop experience for IOUs, implementers and customers. If you've decided to discontinue Lockheed's activity for other reasons (i.e., underperformance) than that's your choice and don't want to meddle. But if the issue is Commission authorization to fund effective programs then I think you've got the cover you need. Importantly, the Commission shouldn't be pressured into a "we need a decision by date X or funding will stop" situation, which serves nobody's interest.

Let me know what you think about this?

Thanks,

Matthew

We are presented with two different issues here—SCE's proposal to allow a utility to increase its budget in the final year of a program cycle without further review of program spending, and DRA's proposal to allow automatic bridge funding. SCE's proposal is to update Energy Efficiency Policy Manual Section II, Rule 12, which currently utilities to carry funds from a future cycle to the current cycle, but only for 2006-2008, so that this same policy applies for 2009-2011.

While DRA is correct that this gives the utilities much flexibility to expend funds as they see fit, such expenditures would have to be consistent with programs already approved by the

Commission. We will approve SCE's proposal to update the Policy Manual. Our experience with bridge funding in 2009 has shown that this method has allowed programs to continue operating, but at the twin costs of additional regulatory effort (the bridge funding decision process) and, more importantly, considerable uncertainty among market participants. In particular, LGSEC and CCSF have pointed out that local government partnership programs have long processes for reaching agreements with utilities, and need greater certainty for transition periods between budget cycles. An automatic system would avoid these problems and protect against an unanticipated program hiatus. To this end, we will adopt DRA's rolling budget trigger proposal, so that the average monthly level of expenditures for the final year of a budget cycle may continue on a month-to month basis until the next portfolio budget is approved (or as specific in the Commission decision for the next portfolio budget cycle).