SAN FRANCISCO, CALIFORNIA, MARCH 16, 2009 - 1:05 P.M.

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COMMISSIONER GRUENEICH: Thank you all for coming.

My name is Commissioner Dian Grueneich for the Public Utilities Commission. I'm the lead Commissioner in the Energy Efficiency Docket, and specifically the review of the investor-owned utility portfolios in the upcoming decision on the next generation of investor-owned utility programs in California.

I have called this all-party meeting, which is the device we use at the Public Utilities Commission to have a way to get together with formal parties in our cases, as well as the public, to discuss the impacts of the new Federal Economic Stimulus Bill, ARRA. To both give myself, our staff, other interested parties an understanding of the provisions of the bill that will be dealing with energy efficiency, and how this specifically relates to decisions and programs that this Commission is overseeing in the world of energy efficiency.

I am absolutely delighted though today that I'm joined up here by really the two key state agency officials in California that are direct recipients responsible for overseeing a portion of ARRA dealing with energy efficiency. So I'm going to introduce them and ask each of them to maybe say a few words.

The first on my right is Julia Levin. She is at the Energy Commission. She is a Commissioner there, and she will be with Art Rosenfeld co-chairing their Energy Efficiency Committee.

So Julia, Commissioner Levin, is going to be a very critical person in terms of the Energy Commission with regard to the stimulus.

Then on her right is Pat Perez, who is Mr. ARRA at the CEC, as I understand it, who will be I believe doing a presentation today in terms of how the CEC is approaching the energy efficiency portion of the stimulus money.

On my left is Jayson Wimbley with the Community Services Department within the state. And I've had the honor for the last two, maybe three years serving with Mr. Wimbley on the Low-Income Oversight Board. In fact, he is currently the chair of the board. And his agency is overseeing very critical parts of the ARRA money and specifically the weatherization low-income programs.

Then last but certainly not least is Jeanne Clinton, who many of you know is the PUC's liaison in terms of the stimulus package with regard to the energy provisions.

So with that, if I could ask Commissioner Levin, and, Mr. Wimbley, if you have any remarks to add.

COMMISSIONER LEVIN: Good afternoon. It is great to see so many people here. Maybe not surprising when there is hundreds of million of dollars at stake.

I just wanted to say hello to everyone. I've worked with some of you in the past on the renewable energy side more than the energy efficiency side.

I spent the last few years traveling around the country and other states helping them get energy efficiency and renewable energy and climate change programs up and running, some of which have modeled what California did 40 years ago. And I'm so proud of our leadership and the work of all of you, especially our utilities, in this field.

I think that the economic stimulus, well, for rather frightening reasons, the economic crisis at its root, the stimulus itself, really provides enormous opportunities to continue to push the envelope. And continue to expand our leadership on these issues for the rest of the state, and hopefully the rest of the states, and hopefully many other countries to follow.

I want to thank you all for being here. I hope everyone is ready to roll up our sleeves and really quickly move forward on this so that we can create the jobs that we desperately need to create and restore California, to help our economy, and to make a serious dent in our climate emissions.

I would like to thank Commissioner Grueneich and the PUC staff for launching this public workshop very quickly. And that is exactly what we need to do, is work together, the PUC the CEC, CSD, all the other acronyms, the IOUs, put it all into one delicious acronym vegetable soup.

Thank you all again. We look forward to working together with the various agencies and the public and IOUs.

MR. WIMBLEY: Thank you, Commissioner, for inviting me and offering this opportunity to share with you today some of the things that the department is going to be doing related to the Recovery Act and funding that we are going to be receiving.

Our department is very focused in the area of serving the needs of low income, and primarily our efforts are going to lead the way for -- working with the Commission in terms of how the services that we can offer to make the most impact on the low-income community. And how we can explore opportunity to work more collaboratively and collectively to make sure the resources we have in California are put to the best use and provide the greatest returns on our investment.

As the Commissioner mentioned earlier, I currently serve on the chair to the Low-Income Oversight Board. And working collaboratively and collectively is my passion, it has been part of my mantra for the last two or three years serving on the board.

I think there are real opportunities here today created by the stimulus that will allow us to oversee the differences that are out there today, and help us channel efforts to a single focus and the common good.

So with that, I would like to turn it over to the Commissioner, and I look forward to working collectively with all of you.

COMMISSIONER GRUENEICH: This is one of the rare instances where they actually have me lead a meeting. But luckily I have the agenda in front of me, and hopefully others have it as well.

So we are going to start off with an overview of the American Recovery Reinvestment Act, ARRA funding for energy efficiency and weatherization. I believe this is going to be a two-part presentation, first by Pat Perez, and then Jayson Wimbley, you will be following with regard to the weatherization portion.

STATEMENT OF MR. PEREZ

MR. PEREZ: Thank you, Commissioner Grueneich. Good afternoon to everybody.

Can I see a show of hands of those of you that have copies of the presentation?

There we go. Now, can you hear me, first of all?

I was trying to get a show of hands for those of you who have copies of the presentation. I can see quite a few people who do not have the presentation. That will be available on the Energy Commission's website. It actually went online about 20 minutes ago. I encourage you to visit energy.caa.gov. And go right to the economic recovery page, and you can get copies of the presentation.

With that, what I would like to do is, next slide, please, is cover six topics very briefly. Talk a little bit about the creation of the Interagency Federal Energy Stimulus Team that is being led by the Governor's office, provide a little bit of a background on the American Recovery and Reinvestment Act with respect to the multiple energy program funding activities that are there. Talk a little bit about the Energy Commission administered programs, and also share with you briefly some of the what we call the nonformula or competitive grants which is the lion's share of the money being provided in this economic stimulus package.

I'll briefly close by sharing with you a little bit about the energy-related tax credits and financial incentives that are targeted toward energy efficiency, the purpose of today's meeting. And then close as to where you can get more information.

I would like to just let everybody know there is still a lot to be known about this act and the implementation. Because for probably 98 percent of the programs, the US Department of Energy has yet to release the guidelines. So I just want to point that out, that you may have a lot of questions that many of us may not be able to answer, because we do not have those guidelines yet.

With that, moving onto the next page, it has been several weeks now since the Governor's office created the Federal Energy Stimulus Team in an effort to coordinate activities between the different California departments and agencies. We've been given the go-ahead to work together, and, moreover, develop industry and organizational stakeholder teams that you will be hearing more about in the next couple of weeks as we form these teams.

Again, I encourage you to follow daily the Energy Commission's website so you can sign up for the list server to get regular updates as to activities as well as new information that will be flowing in from the US Department of Energy.

As you can see from the chart here, we have a number of departments and agencies, efforts being led by Darren Fallon in the Governor's office. We meet on a weekly basis, involves representatives from the Energy Commission; Department of Community Services with Jayson here; the Public Utilities Commission, which Jean Clinton is representing the Public Utilities Commission; Air Resources Board; California Environmental Protection Agency; as well as Natural Resources Agency; and Housing & Community Development Department.

Next slide, please.

As I noted, there is a large amount of money available, roughly $42 billion. A portion of this is going to be devoted to formula-based funding, covering broad areas of energy efficiency, renewables and green community plans. And then there is another almost $31 billion available in competitive and direct grant and loan guarantee funds for transportation, transmission, renewables, and research development demonstration and deployment activities.

Next slide, please.

Of this total, there is about -- in terms of what the Energy Commission will be administering, there is three major programs. One is the State Energy Program where we are estimating to receive about $226 million. And then there is also an Energy Efficiency Conservation and Block Grant Program where we expect to receive another $55-$56 million to support a number of local efficiency programs and activities.

Local government, of which I see there are representatives from local counties and cities here, we are expecting hundreds of millions of dollars to flow directly to local governments and not through the Energy Commission there.

Then also we're anticipating that we will be working on the $300 million National Energy Star and Appliance Rebate Program, of that share we expect to get about roughly $30 million. And we look forward to working with the utility companies, both investor-owned and municipal utility companies, and the Public Utilities Commission and others in terms of designing that program. Currently there is about I think about 15 states that have existing Energy Star appliance programs throughout the country.

We also have -- you will be hearing a lot more about the Low-Income Home Weatherization Program in a minute when Jayson has an opportunity to speak.

Next slide, please.

In terms of the State Energy Program, as I noted earlier, we expect to receive about $226 million. Just to put this number in perspective, over the last five years the Energy Commission typically receives between $1 and $3 million. So this is a major ramping up of our existing program, which is going to be a real challenge staff wise, but also provides enormous opportunities for California.

Some of the types of activities allowed under the State Energy Program include the Building and Appliance Efficiency Programs, spending, distributed generation, as well as renewable energy, public education outreach, and as well as other activities to improve energy efficiency and renewable energy throughout California. It is broad based, covering commercial, residential, transportation, industrial sectors. So it is a significant program.

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In terms of some of the direction from the American Recovery and Reinvestment Act, the focus has been on expansion of existing energy efficiency programs, that is the thrust, as well as supporting renewable energy projects and deployment activities. And, again, we are looking at cooperation and joint activities between states to maximize our ability to develop effective strategies and programs for the use of this federal money.

We are also internally at the Commission looking at some of the key criteria beyond what the federal government is looking at in terms of how this money is spent, and measuring our success based on jobs created, that is the bottom line. And the single most important criteria is that we have to demonstrate that we are creating jobs with each and every one of these grants or dollars that has been spent.

We will also be looking at proposals and projects with respect to how much energy was saved with respect to renewable energy, how much generation was actually built and constructed. And because we are all very sensitive to meeting the Governor's greenhouse gas reduction goals, we also would like to know how each of those programs and activities leads to reductions in greenhouse gas emissions. And then this other criteria too that we are also exploring with respect to the cost-effectiveness of these and the ability to leverage these individual funds and maximize the output from that.

As you can tell from this slide, we received the US Department of Energy guidelines just for the State Energy Program on Thursday. We are currently reviewing those right now. We have unfortunately a very short fuse in terms of a deadline of getting our initial submittal to the US Department of Energy on March 23rd. And then we will respond with a more comprehensive application on May 12th. I think that is where you are going to have the greatest opportunity to assist us in crafting and developing that State Energy Program plan through our stakeholder groups.

Next slide, please.

There is also a major program here called the Energy Efficiency and Conservation Block Grant. Roughly $3.2 billion will be available nationally. Nearly two-thirds of that money will be going to local governments, counties and cities, cities of over 35,000 people and counties over 200,000. 28 percent will be going directly to state energy offices, which is the California Energy Commission. And we will be working to develop the programs as well as the solicitations for that grant money once we have the guidelines from the Department of Energy.

The Energy Commission's money will actually be focused on small jurisdictions, not the larger, since there is large chunk of money going to large counties and cities.

Again, we expect literally hundreds of millions of dollars to be available to local governments. We don't have the set allocation at this point in time, but this is a significant chunk of money. The Energy Commission we expect will get about $56 million for its use.

Next slide, please.

In terms of the block grants, again, we see this money being used to implement energy efficiency and conservation strategies. Part of this, some of the key objectives is to reduce pollution from fossil fuels, all to reduce total energy use and improve energy efficiency in transportation as well as our buildings throughout the state and other sectors. So it is fairly broad based.

Being a fairly new program, we don't have a lot of information yet on what the expectations will be from the US Department of Energy. And, again, we hope to see these guidelines within the next month.

Next slide, please.

Again, we are encouraging stakeholders particularly with the largest counties and cities to begin engaging in dialogue on how they might use this money in your particular jurisdictions and counties and cities.

And, again, as I noted in my opening remarks, the Federal Energy Stimulus Team will be announcing here before too long outreach efforts to bring together the various public and private stakeholders so that we can work together in developing these programs, and how to best respond to this incoming money.]

Next slide, please.

The third program that the Energy Commission will be administering is the energy efficient appliance rebate program and what we call the Energy Star recovery program.

This is a program that was authorized back in 2005 as part of the Energy Policy Act but really was not funded until now with the American Recovery and Reinvestment Act. So there's a good chunk of money there, 30 million that will be available to the Energy Commission. And as I mentioned earlier, we will be working closely with the Public Utilities Commission, investor-owned utilities, as well as the municipal-owned utilities on how to best use and develop that rebate program that will cover a broad range of appliances and other equipment.

Again, this funding is available to the states with the existing programs and tailored towards Energy Star products.

Next slide, please.

Now in terms of the lion's share of the funding, I just wanted to take a few minutes of your time to talk about what we call the nonformula energy appropriations.

One of the things that came out of the Governor's office last week as part of our federal energy stimulus team meetings is that the Governor has declared that California will be the most competitive state in going after the billions and billions of federal energy dollars that are available. And that should be no surprise to you knowing who our Governor is.

We have nearly $31 billion in competitive and direct grant and loan and loan guarantee programs. We do not have the details on any of these programs. We just know the general descriptions. More information will be coming soon, but a lot of money targeted towards transmission and to our federal entities, Bonneville Power Administration, as well as the Western Area Power Authority.

We are very much interested in coordinating and working with these entities so that we can advance our own renewable energy goals with respect to remote generation sources, develop a smarter grid that the Public Utilities Commission and Energy Commission and California Independent System Operator and others are very much working on, and then also the nearly 2 billion just in transportation to support clean cities and diesel emission reductions which the Air Resources Board will be taking the lead on and electric drive vehicles of both the Energy Commission and the Public Utilities Commission are collaborating on right now.

Next slide, please.

In terms of this other programs, we also have 6 billion targeted for energy loan guarantees and another little over 8 billion for research on clean fossil projects as well as energy efficiency and renewable research as well as advanced battery research, not only for stationary sources, but also mobile or what we would refer to as transportation sources.

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Then what I wanted to do is close on this last slide which kind of gives you a quick overview of the energy efficiency and conservation related tax credits and financial incentives that are currently available through the Act which includes qualified energy conservation bonds, tax credits for energy efficient improvements to existing homes, and extension of credit for energy efficiency improvements to new homes.

So there's significant amount of money being made available on a variety of tax incentives and tax credits. This is only a subset of a much broader tax reform and tax incentive package that was passed and signed into law by the President.

If you look at the full menu of tax credits which are provided on the Energy Commission's website, you will see that roughly over a 10-year period there's roughly 20 billion available there in terms of overall tax incentives just for the energy sector alone. So it is pretty substantial.

We think in tandem with the financial incentives, tax credits, and then the designated funding for the overall programs, that these working in tandem together with you, that we ought to be able to make a huge difference in terms of developing a secure long-term energy future here in California.

So with that, we will just close on the last slide here.

Again, I encourage all of you to review the Energy Commission's website on a daily basis. It is being updated literally hourly as we get new information. And this is going to be our way of best communicating with the stakeholders, because we are overwhelmed with the number of phone calls, e-mails, that are coming in. We simply can't handle all of the incoming requests for information. This is the best way to get a quicker response and also to leave comments and questions you may have as you try to reach us on our telephones and find out that our voice mail machines are full because of the inflow of interest.

So with, that I would like to turn it back to Commissioner Grueneich.

Thank you.

COMMISSIONER GRUENEICH: Thank you very much. That was extremely helpful. Given your deadlines, thank you for taking the time to be here today.

So I guess, Jayson, if I could ask you if you could give us an overview for the weatherization and CSD portion of the ARRA.

STATEMENT OF MR. WIMBLEY

MR. WIMBLEY: No problem.

The Department of Community Service and Development serves as the state's anti poverty agency, and we administer federally funded programs that are intended to offer low-income individuals opportunity to attain self sufficiency and improve the quality of their lives.

Next slide, please.

The two grants I am focusing on specifically today are going to be on the energy grants which are, again, federally funded grants that are annual grants that come to the State of California.

The first grant is the U.S. Department of Health and Human Services, LIHEAP, which is the low-income home energy assistance block grant which the department has administered since 1975. And it offers an array of services that are intended to primarily reduce the energy burden of low-income households.

The first service is cash assistance and utility assistance, which is also referred to as HEAP, which is a service that we are probably most recognized for under that program.

In addition, the program offers emergency heating and cooling services for individuals that are experiencing an emergency. And typically those services result in the repair/replacement to residential heating and cooling appliances.

And then thirdly, the weatherization program, which again offers weatherization assistance and is limited to 25 percent of the overall total of the grant.

Next slide, please.

The second grant is the U.S. Department of

Energy Weatherization Assistance Program. It's an annual grant, has been in existence for over 30 years. It's relatively one of our smaller grants in comparison to LIHEAP. But the sole focus of that program is intended to provide weatherization services to improve the energy efficiency of low-income dwellings and as part of the national objective, reduce our dependency on foreign oil and also look for achieving environmental benefits.

Next slide, please.

I am going to focus on the weatherization aspect of both programs.

LIHEAP traditionally in the past has been the primary funder of our weatherization programs just because it offered the higher level of funding which allowed us to implement the program statewide.

And I will cover the funding pieces in a few minutes. But our DOE program provided the technical guidance and the specifications that drive the weatherization programs that we administer collectively.

Weatherization is an energy audit driven program. It focuses on health and safety and in the context of energy savings and efficiency. And it encourages leveraging to maximize resources that may be available within the state to extend service benefits to those that are in need.

Next slide, please.

This chart here is illustration that shows the annual funding for the two grants for 2005.

As you can see in 2006 and '9 we have seen significant increase in funding between the two grants. In '06 LIHEAP received a significant funding increase over our annual funding allotment. Also in 2009 both grants received a significant funding increase which pushed the total funding to a little over 451 million for 2009.

Next slide.

This chart here shows individual breakdown of the grants in terms of annual funding as well as the service components under each grant, particularly with respect to LIHEAP. So, as an example, in 2009 you can see that DOE weatherization in total is funded at a little over $202 million and LIHEAP weatherization is 49 million, which again is limited to 25 percent of the overall grant. Where in contrast in 2005 you can see that the LIHEAP weatherization was 24.2 million and DOE traditionally is roughly around $6 million.

So to put that into some context, the DOE weatherization as result of Recovery Act, we're seeing about 30 times over the normal funding levels that we are accustomed to seeing in California.

Next slide.

Here is a visual for our projections for households that we plan to serve statewide in 2009. Obviously, due to the funding increases to both our core grants, we are looking at close to 400,000 households statewide. And the green represents the utility assistance I was referring to earlier, HEAP, which is the cash assistance component.

And then in the beige color you can see that is the weatherization, just to give you an idea in terms of scale.

Next slide, please.

Then here is the separate breakouts and more accurate figures for what we anticipate to serve by (inaudible) and service.

You can see in comparison to 2005, which is representative of our normal funding levels as compared to '09 what we anticipate serving going forward.

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Our services are provided through a network of community-based organizations that administer these programs since the inception of these programs.

The income eligibility for both programs are established as 75 percent of the state median income. For those of you following the Act, you probably have seen where there's been public announcements and news releases on DOE increasing the eligibility guidelines to 200 percent of federal poverty, which in California really is not going to have any impact because our guidelines have already increased to that level already. 75 percent is the guidelines for LIHEAP and is close to roughly 200 percent of federal poverty, give or take a few percentages.

Both programs target households with high energy burdens and members of the vulnerable population groups which includes households with disabled, young children and elderly.

As Pat mentioned earlier in his presentation, the FEST team have been meeting regularly, and they are really taking charge and the lead on the state level coordinated efforts around the stimulus funds that are coming into the state.

Also, with respect to the Commission, also I mentioned earlier I serve on the LIOB, which is the low income oversight board. And the focus of that board is looking at low-income energy assistance and programs that are collectively offered through the state, not just through IOU programs, but also with CSD.

And we have been talking for many, many years now about working together, trying to look at ways that we can make use of the resources that are here and intended to be used for low-income needs and looking at this new opportunity to where we can work together.

I am proud to announce that tomorrow we will be entering into an MOU agreement that is going to be CSD and the CPUC. That is really going to provide the framework and the foundation for us to start moving forward together in this effort of bringing about more collaboration and coordination around these two programs.

Also, I would imagine that in the coming weeks this would be one of a series of meetings we will probably have, hold jointly, to solicit inputs and share with you information about our efforts around the Recovery Act and implementing these programs in the state.

As Pat had mentioned earlier, it's been really literally a treadmill for the past month trying to get your arms around something that evolves daily. Hopefully, today the guidelines for DOE, for DOE WAP program, were released last Thursday. And staff and myself are still trying to get our arms around all the key changes to the program. Hopefully, over the coming weeks we will have much more to offer to you.

So, if we are unable to answer questions today, we will be able to answer them in the near future.

But as part of the Act, I think it is important to touch on some of the key elements of the Act that are really being stressed and emphasized. These are things that are really going to lead to pathway of changes to the program as we know it.

First, you may ask your question why weatherization? Weatherization to the Obama Administration is the cornerstone to his national Recovery Act and also his energy strategies. And bulleted are the reasons why weatherization is one of the focuses of this Administration, obviously jobs, the job component. This program has opportunities to create jobs immediately and offers shovel-ready projects.

There are requirements for elevated transparency and accountability. I am sure you have heard that many times over.

Aggressive performance goals. One of the things we are going to have to struggle and contend with is that we have to see a significant increase in funding, which I mentioned is 30 times more than normal funding levels. DOE is impressing upon the state's aggressive performance benchmarks to get the money out and get it implemented as quickly as possible.

Emphasis on quality of services, increase outcome measurements, namely in the areas of jobs and energy efficiency, and the building of partnerships, because realizing that in order to achieve all these objectives, you have to look at expanded partnerships to enable us to achieve all these objectives and look at ways that we can employ different strategies and approaches to do that.

So with that, that concludes my presentation.

I think Sarita was going to do the last part.

COMMISSIONER GRUENEICH: For those of you who don't know, Sarita Sarvate is the head of our low-income energy efficiency section at the PUC.

MS. SARVATE: Thank you.

In the interest of time I am going to keep this very brief.

I just want to briefly explain the low-income energy efficiency program which has been around for more than a decade. LIEE is a resource program designed to garner significant energy savings in California while providing an improved quality of life for the low-income population. That's been our mission for a long time.

And participants generally include single family, multifamily, nonprofit group living home customers. So all these customers, we basically provide them components of the LIEE program. But we provide these customers free of cost weatherization measures, energy efficiency measures, minor home repairs, energy education.

And basically the aim is that by installing these measures the customers will reduce energy consumption and experience bill savings.

Recently the Commission envisioned a new goal for this program, a very ambitious goal, and stated that by 2020, 100 percent of the eligible and willing customers will have received all cost effective low-income energy efficiency measures.

So you can see this is an incredibly ambitious goal and extraordinary goal.

I do want to note we did this before any sort of -- almost as if we had foreseen the Recovery Plan because we came up with this in our strategic plan in the fall of 2008.

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So we issued also a Decision in November that basically said that in order to achieve the goals of our program, we will need to coordinate with the CSD in a very large scale. Basically, the Decision stated the IOUs shall as part of their leveraging strategies immediately begin the process of trying to close data gaps that hamper LIHEAP, LIEE leveraging.

We expect to see significant progress toward a goal of 100 percent LIHEAP and LIEE leverage and coordination in the IOUs' annual reports.

And also the Decision states that the Commission would execute a memorandum of understanding with CSD in order to facilitate leveraging, and as Jason explained, we are on the verge of signing that tomorrow. I didn't actually anticipate that this all would come about so quickly, but I think Obama's Recovery Act just has given us added incentive.

I should also mention, though, that on a smaller scale leveraging and coordination with LIHEAP has been going on for some time, and it's always been our goal to do more. And this gives us a great opportunity to achieve that.

And this slide sort of gives an overview of the budgets and the overall programs scope. I only want to highlight two bullets, which is that the total expenditure for LIHEAP for the next budget cycle 2009 to '11, which is 2011, which is a three-year budget cycle, will be about 900 million dollars, and we will be reaching about a one million homes, which is a third of what the total scope of the program will be in the first budget cycle.

So I think that should be the takeaway from this. And I basically look forward to working with CSD on maybe possibly holding workshops and figuring out the nuts and bolts of how this coordination will take place in the field.

Thank you.

COMMISSIONER GRUENEICH: Thank you very much.

We are now going to move into some comments and presentations.

The goal that I have for today's meeting in addition to having these start of coordination among these state agencies is to really understand better what the PUC and investor-owned utility role can be in facilitating effective implementation of the stimulus money.

So I would like to start off by asking our investor-owned utilities to give a presentation. I think that you have coordinated so that there is a single presentation. And you already did file some written comments, I am told as well.

STATEMENT OF MR. GAINES

MR. GAINES: Yes, we did, Commissioner. Thank you.

My name is Marc Gaines. I am with Sempra Utility, San Diego Gas & Electric and Southern California Gas.

I am here representing all four of the investor-owned utilities in the state.

We have had numerous discussions on this topic, and we are in complete agreement on at least our recommendation for moving forward.

Just to start off, I will make it clear so there is no misunderstanding, our view is IOUs are not here to compete for these funding. We are here to utilize our expertise, to lend assistance to anyone that is applying for use of that funding, and for the ones that are awarded the funding, to lend our expertise to make them as successful as possible. That is our overall objective.

To achieve that we have got four recommendations here listed. I will go through each of those with a little bit of detail.

The first one is we believe that the Recovery Act or ARRA funds should work in conjunction with IOU programs to minimize potential customer confusion and leverage the success we have had with the programs.

So rather than competing with the programs, we would like to use ARRA funding to supplement existing energy efficiency, demand response and distributed generation programs that the utilities are implementing to achieve not only greater results, but faster results on their objectives.

Secondly, to utilize our existing facilities and expertise in terms of outreach, contractor workforce and retail network contacts that we have to again implement the programs as quickly as possible.

Secondly, the CPUC should specifically allow IOUs to leverage their energy efficiency programs to support the ARRA activities. Our funding for energy efficiency is not designated for this purpose. So we want to make sure we are consistent with the PUC's objectives for that money.

We don't believe it would be a lot of effort on our part, but we believe there will be some administrative activities that we have to implement to make sure that we are coordinating, facilitating. We think that is an appropriate action because of the experience that we have, working with local agencies and state agencies, but also all the other stakeholders that we have been working with on our programs over time.

We also think it supports the PUC's strategic plan in moving forward with energy efficiency in a cooperative, collaborative effort.

Third area recommendation is that IOUs should leverage the existing workforce education and training programs to ensure adequate resources to support ARRA.

We have existing programs in place at each of the four IOUs at our energy resource centers. We are providing training to contractors and certainly leveraging that training with others providing it under the ARRA funding. We would like to bring that up to speed as quickly as possible to support the additional contractors that we will need for this effort.

The fourth area is the IOUs have identified specific areas where ARRA will directly affect the energy efficiency programs.

In our current portfolios we want to make sure we take advantage of that and leverage those opportunities. First, I want to say for the compliance programs where we have existing relationship with the (inaudible) stores and other retailers, that we can utilize and facilitate any additional incentives that might come out of the ARRA.

Secondly, the weatherization programs, the low-income programs, we have contractor networks. We have customer data. They can all be utilized to leverage these efforts quickly and efficiently.

Third, IOUs have program experience with federal and state agencies that we can also leverage to move their projects along quickly.

We also have financing that is available to supplement the ARRA funding and move the projects as quickly as possible.

And lastly, the local partnerships that we have with cities and counties throughout the state, we would like to leverage that activity and utilize ARRA funding to bring even more cities into the fold on that.

So in conclusion, we are here to assist wherever possible. We can provide value to ensure the success of ARRA in California, achieve the results as efficiently and effectively as possible.

Thank you.

COMMISSIONER GRUENEICH: I do have a few questions.

Let me also encourage any of my other colleagues up here on the dais.

What efforts are being made to be bringing in the municipal utilities? I bring this up because there may be a role for the state agencies to help with that. But the investor-owned utilities are serving, depending on how we calculate, 75 to 80 percent of the population demand in this state.

While that is the significant majority, obviously on municipal utilities play an important role as well. And have you had an opportunity to begin discussions with them? Because if we are going to think about the utilities playing a role in terms of leveraging or outreach to customers, certainly my viewpoint is we want to be doing this using all of the utilities in the state and not just selecting the investor-owned utilities, because then we are going to get customer confusion as to what's going on.

So have you had a chance to start any efforts coordinating with municipal utilities?

MR. GAINES: We have. I can speak on behalf of Sempra. I think it is similar in other utilities' cases.

We have had preliminary discussions with SMUD just because they are leader in the state for the municipalities. But also have ongoing partnerships with DWP in Southern California as well as the SCAPPA utilities down south. So, preliminary discussions at this point just because the rules haven't been set out yet, but we have had conversations and there seems to be interest in all of us working together.

COMMISSIONER GRUENEICH: And when you are talking about leveraging the programs, I am wondering if you can be a little bit more specific. We have funded a number, obviously, of existing programs that are hopefully successful in terms of workforce training. We have a whole array of programs. Can you give any details when you are talking about leveraging that, what that means in terms of working with the stimulus money?

MR. GAINES: Probably not a lot of details yet. We are still watching how things develop to see how best we can leverage that money. But certainly we have talked about making sure that we don't have competing programs. So, say there is appliances incentives, that we combine those incentives and work some way to make sure that it is presented to the customer as one program rather than multiple competing programs.

We have talked about utilizing our outreach network and material to go to customers with account execs and other outreach to make sure we spread the information of the programs that are available.

But specifics beyond that, I think we are waiting to see where we can best provide assistance.

COMMISSIONER GRUENEICH: My initial reaction is that one of the areas that probably is going to be very important is the utility interface with the customers, that we now have a host of different funds available, different levels to customers through tax incentives, through utility programs, through the programs that are going to be available under the stimulus package. And I think getting that message to customers, look, there are a wide variety of programs available and here is how they can interact.

And maybe I will ask, I don't know if this is a fair question or not, has the Energy Commission been able, have you started thinking about this whole education outreach effort? Because, again, it seems to me this may be an area where we can have some good coordination and utilize the networks that the utilities have in place with their customers.

MR. PEREZ: As part of the state energy program there is a component that we have used in the past for outreach, and that will continue and hopefully get magnified significantly with this inflow of additional funding. But we are also going to be doing full court press on the website to get information out and develop comprehensive list servers so that we can get more and more information out on a realtime quick basis. So that is pretty much the strategy we are pursuing right now.]

COMMISSIONER GRUENEICH: And let me also ask, do you envision the utilities are going to come in and ask for additional funding for their efforts on ARRA? Certainly my strong hope is the existing funding is going to be able to provide for your efforts. Again, this is preliminary. But have you given any thought to whether they are going to seek additional money?

MR. GAINES: We have. We always talk about money.

We think that under most circumstances the existing funding would be adequate. Certainly we leave a door open if something unanticipated comes along and requires significant cost, we might come back for that. That is not anticipated.

COMMISSIONER GRUENEICH: Then I guess finally in terms of the coordination with CSD and the weatherization, I'm not familiar with the specific details. But as I understand it, there are some significant differences at least now between how the investor-owned utilities are authorized or directed to approach low-income energy efficiency programs, and how the federal funding at least historically have been given and may even under ARRA. One example, as I understand, there may be authorization under the federal money to spend significantly more money per household that we have authorized.

How should we approach this whole area? In that, again, for the audience, if it isn't clear, in the low-income energy efficiency we had a major decision in December where we provided funding for three years going forward in program direction. So do we need to think about revisiting that? Is there flexibility if we have a strong working group, maybe some public workshops? Do you have any thinking about the extent there may be some differences between the two programs, how we should be thinking about better leverage and integration?

MR. GAINES: Unfortunately, I'm not the expert to talk about that. Maybe someone can help us. I don't have low-income programs at Sempra. We certainly have talked about that issue. Essentially, we headed -- the nature of the two programs, since one pays more than the other, and just analyzing our program. So it is certainly an issue we talked about. I don't have an answer at this point.

I don't know if Roland has anything to add to that?

MR. RISSER: Thanks, Marc.

Great question, we actually talked about this a lot.

COMMISSIONER GRUENEICH: Why don't you make sure you identify yourself.

MR. RISSER: Roland Risser with Pacific Gas and Electric Company.

I think that is great question. It is something I think we are trying to work through right now. The options are -- there are several options. I'll give you a couple of examples. One is Jayson and I actually talked about intake mechanism. When you have a common mechanism across the IOUs and CSD's program, you might direct a customer to federal program if it required the higher level of investment than maybe the utility/CPUC authorized program would allow. If it was a straightforward home that needed just the type of investment the utilities were authorized to provide, those homes would go into the utility program. That is one model.

Another model is that if a home needed the higher level of investment, that we might then, after the utilities finished their work, they could then call CSD and say this home actually could benefit from some greater investment that is beyond what we are able to do. Turn it over, and CSD through their own process could provide that second level of higher investment in energy efficiency.

Those are two models. I don't think we've quite figured out which the optimal way is. There are advantages and disadvantages to both. And so, in fact, Jayson and I are going to meet tomorrow and talk about this a little more.

COMMISSIONER GRUENEICH: One last item then, and let me ask my colleagues if there is anything. An area that certainly I'm starting to think about is measurement and verification.

To those in the audience, we have traditionally in the world of energy efficiency in my mind thought about it as it is a discrete world primarily occupied by the utility programs, certainly also occupied by the building standards and appliance, but that one can essentially measure these discrete programs and activities.

And what strikes me is that we are going to quickly enter into a world in which there are multiple funders, I mean a 30 fold increase in funding, where you could literally have the same home we just heard where one moment in time you have an investor-owned utility funded program, and then in a later period of time you have the CSD funded programs. Or you may have, depending upon the intake, some get some programs from one group and some from another group. And then we have whatever they are going to be, the Block Grant Programs, the appliance programs, and the host of local government programs, some of which are funded through ratepayer money, some of which are going to be funded through ARRA, some in fact funded by local government.

Have the utilities started to think through what this could mean in terms of how this Commission is approaching what we call evaluation measurement and verification going forward?

MR. GAINES: Certainly at a high level I'm sure much more detail needs to be discussed. We have similar concern about double counting, triple counting of results, making sure that whatever recording requirements are put in place by the federal government that we could meet those so we can maximize the money.

I think there is a lot of issues with MMB that need to be addressed.

We think part of that is facilitation, cooperation, collaboration we are talking back with our programs so that we are involved with those organizations that are developing new programs to make sure that we work out an arrangement where we can share information where we are going with our results, to make sure we are not double counting, share the expertise that we have on MMB so that their programs can be designed to be as effective as possible.

Beyond that, it probably comes down to what programs are specifically rolled out in terms of how we might adjust the MMB activities, I believe.

COMMISSIONER GRUENEICH: I just throw this out to think about it, that we may want to have a measurement subgroup, some group of people who are thinking about this. Because to the extent that everybody is going to want to be able to count attribution. Because on some level that is where the money flows from, even though it may the jobs, it is also the savings and then the greenhouse gases. Maybe getting a little jump start on thinking about this so that we don't have everybody fighting or saying actually these are my programs and my savings. Because I worry that the science of MMB is not quite at the level that we may need to have accurate attribution.

Let me ask my colleagues if you have any comments or questions?

Jeanne.

MS. CLINTON: Just one question. In the context of ongoing financing, how much latitude to each of the utilities have to expand your OBF Programs if there is better awareness and bigger demand for it, just sort of round out the rest of the cost for these measures?

So if a customer has access to tax credits and incentives, but is lacking the capital to pay for the remainder of the measure and your offer on the financing and it becomes known widely, do you have fairly flexible latitude to expand that activity?

MR. GAINES: I can speak for Sempra. Certainly our systems are able to expand to I think any level that we would anticipate from this. Funding actually would become a question depending on how far it rose. I would hope that we've got adequate funding in the proposed programs to cover that, but I guess it took off dramatically there may be some issues there to come up with that seed money for the programs. But as far as the system standpoint, there is no limitation there.

MS. CLINTON: So if there were a positive, desired run on the banks, so to speak, you would be able to come back to us and tell us that demand in your resources, and you might need to revisit that?

MR. GAINES: We could certainly do that.

COMMISSIONER GRUENEICH: Something else came to mind. Is there the option for the utility, investor-owned utility, as I said, hopefully all the utilities, to apply directly to the Energy Commission for the $30 million of the Energy Star Appliance Program in California? I mean, in other words, is there an option that the Energy Commission would say after it reviewed the request that we will just have the utilities in California run this whole program?

MR. PEREZ: It is a good question. We have not yet seen the program guidelines for that. We hope that that will be one of the options that is being considered by the US Department of Energy, but we are awaiting the guidelines.

COMMISSIONER GRUENEICH: And then did I understand it that is one of the options the utilities are thinking about, to say just we have got experience running the Energy Star Appliance Rebate Program, just let us run the whole thing?

MR. GAINES: Actually, the way I tried to put it was that we would rather help facilitate it to make sure it is done properly. I don't think we've reached agreement, since we haven't seen guidelines yet on whether that is something that would be appropriate for us to absorb entirely within the utilities. I guess it is an open question. At this point we are looking at whoever does run it, we are going to be willing to make sure that we are operating cooperatively.

MS. CLINTON: Just a footnote, getting back to the one aspect of the stimulus funds that we know is the case, is that all the funds are supposed to supplement and not supplant funds that have already been committed by state and ratepayer funding as well.

So I think the question is if you were to get infusion, for example, $30 million for Energy Star Rebates, how would you prove or demonstrate that that was being used as additional funds instead of, you know, displacing ratepayer funds? That is just a rhetorical question.

And I think the kinds of options that we in the Energy Commission would have to be looking at is, well, do those funds get used to provide incentives for measures that are not already covered by the utility programs? Do the funds get used to, you know, supply funds in the event that the utilities run out of money in a given year for their incentive money? Which would be a risky strategy, because you wouldn't know if you are committing the funds or not. Or, thirdly, do you pay a bigger incentive? Do you bump up the incentive or give the bonus in order to spur out.

I think those are the kinds of questions that perhaps the DOE guidelines would shed some light on. If not, those are some of the questions I think the Energy Commission needs to think about.

MR. PEREZ: We are certainly wrestling with many of those various questions you raised, Jeanne. And one is things that we will be considering is perhaps programs and activities that have not previously been funded and received money, is taking a second look at what those programs and activities might be for the use of this money. That will be one of the criteria that will be listed on the menu of options to look at in deciding how this money is going to be used.

But, again, it is also going to be dictated by the parameters as established by the federal guidelines as to how much leverage we have in terms of shaving, you know, our own internal criteria and evaluation.

COMMISSIONER GRUENEICH: One of the areas that Marc mentioned that is obviously going to be a huge -- one of the areas that mark mentioned that is a huge issue is workforce training. Now that we have all this money, how are we going to make sure there are qualified people to actually undertake these activities?

Do you know, can the CEC spend any of the money you are getting on funding workforce training programs?

MR. PEREZ: I'm not sure about that. I know that there is I believe a training aspect under the existing State Energy Program. But in terms of -- I'm not familiar enough with the latest guidelines on there.

MS. CLINTON: If I could add a footnote from my quick skimming of the guidelines. I think there is a broad swath of activities that are eligible but similar to how we oversee utility efficiency programs. It takes a portfolio approach, and it talks about the portfolio of SEP money being cost-effective and generating jobs.

And not each activity itself has to meet all the criteria, but I think it is a question of on balance.

One of the more interesting parameters is the SEP portfolio as a whole leverage. See if I have the math right, it was 10,000 source -- no, 1 million source BTUs. I'm forgetting the right number. It was something like a thousand -- forget the math.

(Laughter)

MS. CLINTON: It was something like a dollar per kilowatt-hour is the way I figured it out. It didn't define whether that kilowatt-hour was lifecycle or first year.

But the point was it had a cost-effectiveness ratio in mind for the SEP funds. So I think it is going to be a challenge as you start getting all these ideas. To the extent you have something that is information, education and outreach that may not generate direct savings, you have to balance with other things that do generate savings.

COMMISSIONER GRUENEICH: That sounds familiar.

(Laughter)

COMMISSIONER GRUENEICH: So everyone is going to point to the other program and say you fund the nonresource savings component of this.

Thank you very much, Marc.

Then we are quickly I think going to go through, I'm just going to list off who I have here in order. So if you can all get ready. I think we had requested about 3 minutes per speaker.

James, if you are there, am I right, three minutes?

MR. FORDYCE: That is right.

COMMISSIONER GRUENEICH: Three minutes per speaker.

Jody London for The Local Government Sustainable Energy Coalition; and Cal Broomhead, City and County of San Francisco; Eathan Sprague, ConSol; Hank Ryan, Small Business CA; Rocky Bacchus, Efficiency Power; Eric Emblem, California SMACNA; Patrick Couch, The California Conservation Corps; and Michael Wheeler CPUC. And we are letting him have a little bit extra time.

So, Jamie, if you can also play timekeeper as well, that would be great.

MR. FORDYCE: Sure.

COMMISSIONER GRUENEICH: Maybe everybody else whose name I called, if you want to just, to the extent there are seats up here, come forward so we can move through quickly.

STATEMENT OF MS. LONDON

MS. LONDON: Good afternoon. My name is Jody London. I'm here today on behalf of The Local Government Sustainable Energy Coalition. We are a group of cities and counties and regional government organizations across the state.

I also in a different piece of my life am an elected director to the school board in Oakland. Some of my remarks are going to be informed by my experience there.

Local governments are extremely busy right now analyzing not only the stimulus package, but the state budget as you all know has been devastating to local government.

The short answer to the question whether the stimulus package makes it all better because of the state budget is no. It is helpful, but we are not there yet. So the stimulus package is great, but it is not everything.

I want to talk briefly -- most of the energy opportunities for local governments have already been discussed by Mr. Perez from the CEC, which I appreciate. Something that hasn't been discussed yet today are interest-free bonds. Local governments and school districts both have opportunities to take advantage of interest-free bonding opportunity.

In California, I list down there that 22 billion in interest-free bonding authority for school construction, renovation, repair and land acquisition. 40 percent of that money is going to the 100 largest school districts in the country. Many of those districts are in California. So there is a lot of bonding opportunity out there. We don't have a lot of information yet, wondering if the CEC can help us get more information on how we access that. Do we have to go to the voters? That is a big question for us.

Next slide.

This is just an example of all of the many sources that a local government looks at when we start to think about how we are going to implement an energy efficiency sustainability Climate Action Plan. We have our own general fund. I don't want to go through each of these. But you can see we are looking from lots of different sources than -- if you are looking at the far wall, the public goods charge got cut off. But those funds are one piece of the pie that we look at.

The next slide is a similar example for how this works in San Francisco's environment energy program. They are pulling funds from lots of different places, including energy efficiency audits that are part of the public goods charge.

I really want to focus on my last slide which is talking about some of the timing issues. The really key issue for us is the policy issues. The key issue is timing. We as local governments don't get access to this money unless we've got it all accounted for, and figure out how we are going to spend it in 2010, next year, about 18 months basically. So we really want to work with everybody, but we also feel a need if we are going to take advantage of this money for our community to move very, very quickly.

I want to touch a little more on the program effectiveness criteria as has been discussed already.

They are very different between the federal programs and the programs that we are used to here at the CPUC. So the jobs piece in particular is one that I want to hit on.

I want to submit to everyone in this room, particularly those of you on the dais, if you want to get to goals in the Energy Efficiency Strategic Plan of market transformation and change how organizations, including large bureaucratic government organizations think about energy efficiency, you will be well advised to take a small amount of the money that you are spending and fund an energy manager position within groups of small local governments or school districts. Or if it is a larger entity like Oakland, which has 113 facility sites that we are managing, help us develop our own infrastructure. Teach us to fish, don't just give us a fish.

We really, you know, I can't emphasize enough how important this is. I have great policies in Oakland Unified School District, but I can't implement them, because I don't have a person on board to do it, to be the change engine. And I think many local governments are in the same boat.

The attribution energy savings, all I want to say on that is that is a huge issue for us. We submitted some comments on this. We would love to be part of any subgroup that you develop there.

We are also particularly mindful that under the cap-and-trade policies that are being developed for AB 32, there are opportunities for local government, and we don't want to preclude our opportunity to participate in those types of programs.

We really appreciate the calls that we've heard today for greater collaboration, coordination between state agencies. That is always something that we are hopeful will happen. And we are glad to see working together integrating the renewable projects with low-income programs, because these are all things that we were forced to do at the local level. We appreciate the opportunity and leadership from the state in helping us do that.

Then there are barriers to implementation that we talked about in our comments, like the CEC Title 24 Standards are already so far ahead of the rest of the country. How do we credit that with the feds, those types of things?

I'll leave it at that. I'm probably over three minutes. Thank you your time. I'm happy to answer questions now or later, and I'm sure the comments will be put on the website.

COMMISSIONER GRUENEICH: Thanks. I'm going to plan on going through, everybody.

Cal Broomhead.

STATEMENT OF MR. BROOMHEAD

MR. BROOMHEAD: Cal Broomhead, City and County of San Francisco.

Just briefly go over what our goals are, and I don't think I'm going to show the whole slide. Notice the parts in blue, the most interesting parts here.

I want to point out the one key issue, we are going to try to make our ARRA funds programs sustainable so that after the stimulus package money is gone. We need this market to continue.

A couple of these strategies that we will be using, should I get funding to actually do this stuff, is our city's tax and financing program. I think a lot of local governments are under AB 811 authorization. Also creating local policies that follow up with incentive sorts of programs with requirements that actually keep the market going afterwards.

Next slide.

So as I mentioned, it is quite possible that not all of this money will go for energy efficiency, the bike lanes are not even relevant to what we are talking about here.

Three other strategies that we are going to be following, one is accelerating the local market by leveraging PGC funds. So we will be stacking ARRA funds on top of PGC funds. For example, it will allow us to maybe retire old refrigeration that is in a lot of the small businesses around San Francisco. Second is making programs more comprehensive, go more deeply with the savings into the buildings that we are going into. Some of these things that are either not allowed under funding, or so poorly funded, like windows, for example, windows are a great thing to do in an old Victorian house, but it is really different to fund under the existing rules.

Then also nonresource types of activities which now seem to be coming into our program cycle this year, but I think there is a lot of opportunity for this -- for additional funding in that area.

In terms of the things that the CPUC can do, first thing is ask. We would like you to fund the 2009-2011 Local Government Partnerships now, as soon as you possibly can, so we can all get going. We need to, as Jody mentioned, we need the timing. We want to put the ARRA funds together with our Public Goods Charge Program. But if we are not going to be able to get that started for a year, but I've got my ARRA money now, or very shortly, then I've got a real-time problem.

Also, you might think about requiring that in the contracts of local government partnerships that there be a real intended purpose of building the local capacity at the local government level in order to do more programs, as what Jody was mentioning.

Skip the next one.

Then assist with relocalizing the LIHEAP funds. If we are seeing a big uptake in our LIHEAP and DOE funded programs, after that is gone, after the stimulus package goes down, we would like to see that backfilled with LIHEAP money. I know that PG&E operates those under several contracts that serve communities, and they are rolling trucks out from Modesto or Fresno coming into the City do that work. We would like to see that money localized in local LIHEAP contractor.

It better connects with our workforce development program. The City is already investing large amounts of money in workforce development, about $7 million a year. All kinds of workforce development. We are in the process of greening every single one of those trainings. We want to link the low-income weatherization with the other weatherization providers that hit the middle and upper income brackets. And in order to create that chain, we need to have those jobs here.

As far as the IOUs go, we would like to see usage data and quick response on data requests. This came up in the workshop last December. The IOUs agreed they want a template. They know here is the kinds of data that we are going to be asking for. We totally agree with that approach.

We also would ask them whatever they can do to accelerate any internal processes and approvals rebates, et cetera.

Next slide.

I'm only going to spend half a minute on this one, is that one of the things that is really important to cities is the future money. After the stimulus package is gone, there is going to be more money from the DOE from the next Energy Policy Act, et cetera.

So we need to be thinking about being able to, exactly what you said Commissioner Grueneich, about being very careful of how we attribute savings. We don't want to be reporting twice the same kilowatt-hour, the same therm saved. We also have a contract with PG&E. It is according to the DEER Database, that is how money will be acquired into our program on our PGC-funded program side. On the DOE side, anything that we stack in on those funds, that is going to get attributed to that program.

Just as an aside, I'm not going to go through all these bullets, is that we will be separately branding our program. Currently contractors are putting two or three different things together and presenting those to customers. They get 15 percent discount here, tax credit, you've got this and that. And we are going so be having our San Francisco Stimulus Package Energy Program. We want transparency. We want the public to be able to see that here is your stimulus dollar at work. They need to see we are doing that.

Thank you.

COMMISSIONER GRUENEICH: Excuse me, Cal, on that last side, I'm just confused. Is there something that you are saying in that slide that we should change how the PUC is doing things now? Or are you just helping us understand how the City and County of San Francisco is proposing to account for savings?

MR. BROOMHEAD: The first and possibly the second. The first, excuse me, the second I'm very clear about, is that I know this is how we are thinking about applying the savings. I'm not certain if it means that you do anything differently. As far as I can see, it doesn't appear to me that you need do anything differently, but that may change. Or I may discover some nuance to this that we haven't seen yet, or they haven't become aware of.

COMMISSIONER GRUENEICH: Okay, next up we have Ethan Ryan, and then -- I'm sorry, Ethan Sprague, and then after that Hank Ryan.

STATEMENT OF MR. SPRAGUE

MR. SPRAGUE: Good afternoon. My name is Ethan Sprague. I'm from ConSol an energy and engineering consulting firm in the Central Valley. If you are looking for trained workers, that is a good place to start, especially in energy efficiency.

We've done some work with the Department of Energy on their Building America Team for lead construction. They've asked us as part of the ARRA to look at existing homes. And so that research informs this presentation.

Essentially, the ARRA has a different loading order than California does. It is jobs first. We all recognize that.

This is not a picture of the earth. It is a picture of an eclipse. We are using this to show that the negative economic environment is like an eclipse that has been lost. No one is going to do energy efficiency unless it gets paid for. They just don't have extra money in their pockets.

And so looking at IOU portfolio programs as opposed to ARRA funds, the primary thing is jobs. And I see the ARRA as trying to give someone a job to save someone else money. I think that is the link between the two. Next slide.

I'll go over this really quickly. This is energy efficiency makes economic sense. A billion dollars spent on energy efficiency results in nearly 400 jobs.]

So, next slide.

In looking at existing programs, we think that they are basically done independently or a one home at a time approach. There is diverse interest in goals. And from a consumer's perspective, you may not be interested because it is hard to understand.

If you look at the two presentations preceding mine, you look at the funding sources, the different goals, From a consumer perspective, you got a bunch of different people knocking on your home trying to sell you things. It is not well delivered.

And funding is a critical component, especially now. And there are some funding options.

So we thought that scale and collaboration would equal more value. And the idea would be to bundle different programs under one core delivery mechanism so there is not the confusion, you don't have competing programs.

This will lower the cost of providing programs. It will create more jobs. It will facilitate the transaction.

We used to all buy phone coverage and you got your cellular and internet from someone else. The model is you bundle it all together, you pass on some of that savings in administrative and sales cost directly to the consumer. That is the goal of ARRA.

So it is an integrative program. There are some benefits associated with that, particularly for cities who have AB 32 requirements. They can potentially create a sustainable program. If there was a city run program, for example, under the energy efficiency and conservation block grants, the reduction in savings that is associated with that could go to fund additional work. So it creates the market pool you have been looking for in the strategic plan.

So what are the barriers? I don't know. I don't operate in the public regulatory world. So I know combining funds, which I think is the way to go from different sources, might be problematic.

I see the biggest opportunity to design programs and funding on a community level instead of on an individual widget or programmatic level in order to increase efficiency.

So I think there are probably questions before you could take public good funds, give them to a city, combine them with low income weatherization money from DOE and for the consumer perspective, present one program with a series of options. That makes it very simple for the consumer. And all the back end confusion doesn't affect the consumer's purchasing choice, which is I think the primary driver to getting this funding out.

The last thing I will say is we need to build a bigger shovel because 2010 money has got to be spent and that's not a lot of time.

Thank you.

COMMISSIONER GRUENEICH: Thank you.

Hank Ryan.

STATEMENT OF MR. RYAN

MR. RYAN: Good afternoon.

My name is Hank Ryan. I serve on the board of trustees for the National Small Business Association, as well as on the Economic and Technology Advancement panel reporting to CARB for AB 32 as well as for Small Business California.

What I am going to say tries to tie these things together. This is a lot of money. And it's scary, frankly. It is not our money. And the idea that we are trying to bring forward is to use the money and then ostensibly give it back. Can we possibly do that? This goes to on bill financing. I want to mention the

2007 federal legislation included on bill financing. So we have a precedent in that sense.

We also have existing on bill financing programs fully up and operational in California with Sempra that provide for both taxpayer funded entities and business and I'm going to speak to mainly taxpayer funded.

What I am also going to suggest is we try not to reinvent the wheel. With on bill financing and the Department of General Services or the green building initiative which is for state buildings, (inaudible) has said he believes that perhaps 70 percent of the buildings that exist in the state can utilize on bill financing very well.

They cannot borrow the funds. They need a pot to pull money from. If they have that pot to pull money from, they can replenish it once the installations are fully completed with on bill financing funds and do it over and over again.

It is a simple idea that says to feed these programs where existing entities can't use it. That is the idea.

Next slide.

The same may be applied -- this hopefully goes to your question regarding public owned utilities -- to Palo Alto. There is current interest there for on bill financing.

One of the problems that comes up is where do we get the money. So again, the issue of having it to draw from and then pay back.

For cities and counties, what we are starting to see in the Sempra area is perhaps the same (inaudible) is the difficulty of being able to borrow from OBF.

The last caveat is that stimulus funds for OBF I believe should not be used to address defaults. The programs should operate as they do. Defaults are very important design concept that you want to avoid. You have to have them as a threat to design the programs correctly.

Thank you.

COMMISSIONER GRUENEICH: Thank you.

Mr. Rocky Bacchus, and then Eric Emblem.

STATEMENT OF MR. BACCHUS

MR. BACCHUS: Thank you, Commission, ladies and gentlemen.

I am here to talk about the air conditioning opportunity. They talked about the tax credits for residential and about 500,000 air conditioners per year for two years. It is limited to 2009 and 2010 only. That is $1.5 billion to the State of California alone that is available.

Looking at the numbers, if we could launch an air conditioning program quickly, which may mean modifying part of the current funding, 93 percent of the air conditioning units in recent years have been less than 15 SEER. We can greatly increase the amount of efficiency achieved in the air conditioning area.

Next slide.

A program budget to do this which we have submitted to the utilities as a recommendation would be $463 million for a three-year program.

Next slide.

It would achieve up to 31 percent of the entire goal. That is under the mandated procedures. This is not under the preferred program but under the mandated alone, up to 31 percent of the goals could be achieved by this.

Next slide.

The big question has been what is the TRC in air conditioning? Typically, it's been .3 or not cost effective. What we are showing is 3.6 to 4.24, which is very cost effective, and so what has changed?

Number one, an upstream program in air conditioning within the industry itself cuts the incremental cost by 62 percent. In other words, an upstream 570 accomplishes the same thing as 1,500 downstream.

The federal tax credit is up to $1,500 now. That is a huge incentive to get the work done. And it reduces the cost under the current Commission rules.

The nonincentive cost can be reduced to 15 percent instead of 50 percent. This means using the existing contractors that have the upstream commercial programs do a down -- an upstream residential program and by getting the industry's cooperation, dramatically reducing the administration cost.

HVAC industry participation: We have talked with all the major manufacturers of residential air conditioners. 95 percent of the air conditioners are built by seven companies. All seven of them have said we will participate at these funding levels.

And if you look at this company you may not know who they are. They are 30 billion in sales world wide. They supply all the conditioning to the Home Depots. You probably recognize the downstream name better.

They are talking about 70 percent transformation of the air conditioning market the first year. That's about the same as what happened when they changed the minimum standard federally. The first year it changed in 2006.

The second recommendation that we have made is that the DOE and LIHEAP funds be used for deep energy efficiency.

The slide you see here is a CHEERS rating report. CHEERS is California Home Energy Efficiency Rating System.

There are two systems approved, programs I am talking, two systems approved under the California Energy Commission for rating of homes. This was done for new construction.

The ACM manual from CEC is very broad and all inclusive. There is the capability right now with existing raters that have been out rating new homes for years to go out and rate existing homes. So employ the people that have been unemployed by the lack of new construction to do the rating. Then a separate contractor comes in and does the work.

If you look at some of the detailing there, what you will see is that they have the ability to say this money came from the federal funds, this money came from the utility funds, and this is the energy savings from each.

So it can be readily designated to have the proper attributions and get it where it should be.

So we are recommending two things: Number one, immediately implement an upstream residential air conditioning program because it is so huge and because in 2011 the Department of Energy is supposed to set the new federal standard. So if we don't get it soon, we are going to lose that transformation. We can transform the market in three years.

Secondly, use the existing people in California that came out of new construction and are unemployed to go back to work. I have asked Rick why did he come here, his company alone laid off 1,700 people in the last two years. They are good people. And they are good people that can go back to work right here in California.

Thank you very much.

COMMISSIONER GRUENEICH: Mr. Bacchus, and Pat, this may involve you as well. For the second item, which is to use the people who have been rated under the Energy Commission as home raters, how would that work in the sense of -- I think about pots of money that are out there, that the investor-owned utilities with the programs that we oversee, the CEC with the different pots, that they will have, and CSD with the pot of money that they will have, are you talking about that within any of those three different pots of money there will be a program that would require use of these raters or pay these people who are certified raters and that would then draw them into the market?

Can you help me understand how you go from the fact that we have programs that ensure there are trained people who, I assume you are correct, are no longer being able to be rating new homes because we are not building them, and how do we use those skills and those people with regard to existing homes?

MR. BACCHUS: Yes, ma'am. A simple example would be that if there are DOE weatherization funds that are, as I understand it, up to $6,500 now and the existing home was improved and the air conditioner was replaced with a 13 SEER, which is the minimum, which is much better than the 6 SEER that may be there now, if that energy cost and savings would be attributed to that program. But the same software that we have got exhibited on the screen right now would then say if you went to a 16 SEER air conditioner, that additional savings that came from the utility program would be attributed to that program, and the cost of that and the efficiency increase of that energy savings of that would be attributed to that program, and the software can break out which is which.

So that that can all be done in an automated fashion. So the same rater that goes into the home would have all the work done, not have to have multiple people coming to the house, but all of the work could be done by one contractor, but the auditor, so to speak, that does the rating at the beginning and then verifies it at the end says, okay, here is what was done, here is what was the utility program's part, here was the DOE part. That can all be done automated right now.

COMMISSIONER GRUENEICH: My other question was on the upstream air conditioning program, my understanding is that this is a proposal that you presented to the investor-owned utilities that would be implemented in the upcoming cycle.

Do you have any thoughts on how it could fit in with either the Energy Commission or with the CSD on their economic stimulus money programs?

MR. BACCHUS: Yes, ma'am. We have also contacted the POUs and the CEC to ask how can we coordinate this and make this truly statewide, because that is what the air conditioning manufacturers are looking for. We have had meetings with SMUD and some other utilities. And they have generally said they need to look at their own budgets and what they can afford, but they are very interested in a coordinated program, primarily because it costs so much less. It is like 62 percent less cost to get the same amount of efficiency savings.

COMMISSIONER GRUENEICH: Thank you.

MR. BACCHUS: Thank you very much.

COMMISSIONER GRUENEICH: We now have Mr. Emblem and then Pat Couch.

STATEMENT OF MR. EMBLEM

MR. EMBLEM: Good afternoon.

I want to thank Commissioner Grueneich for this opportunity to speak at this all-party meeting. I will do my best to move along quickly.

I am Eric Emblem. I am working as a consultant for the joint committee on energy environmental policy. This is a joint committee between SMACNA, California Sheet Metal and Air Conditioning Contractors National Association and the Sheet Metal Workers International Association. They have formed this joint committee to work collaboratively with the state agencies and other stakeholders on energy efficiency.

We know that the challenge is how do we take these cross funding mechanisms, whether it be through the investor-owned utilities and the public goods charge and the stimulus money, and also marry that to regulations and standards like the Energy Commission has published and tie all this into the building standards Commission and green buildings and help implement the policies of AB 32.

All of these tie back to something that is very near and dear in what our industry delivers, and that is heating, ventilating and air conditioning.

Mr. Bacchus talked about the upstream piece of this. Obviously, the equipment manufacturers are a big piece of our industry. We work with them very closely. We think that is one way to do it.

But what was identified back when we started the BBs, the big and bold initiatives in 2006 and 2007, when we started looking at why peak load demand was going up and why demand was going up in air conditioning, we found there was poor quality installation. And we tied this back to we had high efficiency equipment but the installations weren't being accomplished like they should have been.

When we look at the standards we need to identify particular things that may not have been addressed in the past and look at them more focused as we do now.

There is no sense talking about how much air conditioning causes peak load demand to go up in the State of California. I think everybody is very much aware of that.

But I think one thing that we need to call attention to and we would like you to consider, and that is duct leakage. Duct leakage is a big consumer of energy in buildings, and it is something that when you do energy audits isn't typically assessed.

We would like for that to become a focus in energy audits. Both in commercial buildings and in the weatherization process and our other programs, duct leakage is big. We think there is a lot of energy that could be saved and we can also create a lot of jobs by going through and doing this duct leakage evaluation.

Next slide.

Our members all are sponsors of apprentice training programs. In 2006 across the United States there were 422,000 active participants in registered apprentice programs. Currently, in our apprentice programs in the State of California we have 3,000 apprentices in HVAC related programs today.

We have found that the federal government has found that investment in the apprenticeship is well worth its money. And it is a way of leveraging.

We talked about leveraging funds and leveraging goods. I am working with the task force on the energy workforce education and training. And we are big advocates of apprenticeship training.

One of the things the Obama Administration has talked about is the career path to the middle class. We are not talking about certificate jobs and going out and calking a few buildings and going to WalMart to push out carts.

Apprenticeship has been identified time and time again to be the way to move people into the middle class and into good paying jobs.

We would like that to be considered as one of the lynchpins and one of the benchmarks when we look at providers for energy efficiency, whether it be through IOU public goods funds or through the stimulus funds.

So what we would like to talk to you today about is prequalification of responsible energy providers.

One thing we would like to do -- there are three things. We are talking a problem and a crisis in health care. We think that responsible providers should provide family health coverage to their employees. We think that should be one of the requirements and benchmarks as we look at providers moving forward.

We think that providers should be sponsors of apprenticeship and training. Apprenticeship and training sets some certain benchmarks and requirements of classroom hours coupled with on the job training, coupled with minimum benchmarks on employment and wages and ways to career paths to the middle class.

The other thing we would like to see is require to hire local. We know that is in a lot of the stimulus plan. We know it is talked about a lot by community development and community groups. We support that. We would like that to be tied to local hiring halls.

The next thing I think is to allocate these funds proportionately to where we can realize energy savings.

I mentioned that duct leakage is a big problem in buildings. There have been studies done by Berkeley, Utility Commissions, studies done by the Energy Commission. It is something I think we are not focusing on as we move forward. So we would like to put that into the mix and talk about that when we are working with the investor-owned utilities and talking about programs moving forward for the 2009 through 2010 energy portfolio.

And that's my comments.

COMMISSIONER GRUENEICH: Thank you.

My understanding is that Mr. Couch will not be speaking. So Michael Wheeler of the Commission staff is going to give the presentation on potential program.

STATEMENT OF MR. WHEELER

MR. WHEELER: Thank you, Commissioner, for giving me this opportunity.

Greetings everybody.

You are familiar with me if you have been present at some of these energy efficiency proceedings before. My name is Michael Wheeler. I have been the lead analyst for the residential sector strategic planning, the residential sector voluntary programs, lead analyst for the statewide energy efficiency potential and goals. I have been reviewing the utilities' residential energy efficiency filings since July and the new one just recently filed.

Over that period of time what I have been able to identify is that what we have is a customer gap here in California. And what I am offering today is mostly a conceptual proposal sort of based on a quick analysis of this policy landscape and then sort of addressing our short term goals and also our long term priorities.

This kind of gets to the issues that Roland was speaking about earlier with coordination between programs.

So can we run quickly through this.

Moderate income households are a significantly neglected segment of the market and are in need of assistance. These customers typically don't apply, they don't qualify for low-income assistance, yet they don't have the cash flow on hand to provide assistance for themselves.

These customers are typically the core component of the secondhand appliance market, and they trade low up-front costs for higher energy use over time.

According to the U.S. Census, this moderate income segment represents roughly 15 percent of California's population or about 2 million households. Because this population cannot be helped by themselves or by the state under current programs, I am referring to this segment as the customer gap. Maybe we know some of these people. Maybe I am one of these people.

But as we have already heard today, the increased resources for low-income weatherization and efficiency are appropriate given that customer segment's needs. And in addition, as assessment districts emerge as authorized by AB 811 and possibly other legislation, customers with incomes great enough to consider home renovations will enjoy a second vehicle to reduced energy consumption, in addition to the successful IOU programs currently out there.

However, neither of these efforts will reduce the barriers to energy efficiency that are not -- I'm sorry. These efforts to reduce the barriers of energy efficiency are neither directed at or effective for households within this customer gap.

So again, conceptual. The objectives of this moderate income weatherization efficiency program are -- they really have been evolving over the past six months as we have been reviewing the portfolios and looking at the policy landscape.

As staff here began asking the questions, we learned more about this customer gap and about innovative program designs and cooperative efforts that were emerging to serve qualifying low-income households.

We built the objectives of this pilot proposal on the need to test such program innovations and on the potential benefit of expanding innovation to moderate income customers.

The result is the proposal that is not entirely unique. In fact, it is a patchwork of approaches staff feels can strongly support the goals and intentions of the California Energy Efficiency Strategic Plan, the ARB scoping plan and this new Administration's efforts to address the nation's long-standing energy issues.

Next slide.

So the image you are looking at is my attempt to kind of look from above at a neighborhood. You imagine the gray is streets and the orange and green are households. I am just attempting to try to break down a neighborhood into low income and nonqualifying homes.

The MIWEP model will borrow on the low income energy efficiency program's whole neighborhood approach. In general, the whole neighborhood approach means targeting a neighborhood through comprehensive outreach to a specific geographic area.

In 2009 through '11 the utility low-income programs will be targeting many neighborhood, some comprised of as much as 80 percent of low-income households.

So in this proposal the design rests on the unscientific assumption that in neighborhoods with greater than 50 percent low-income households there is a high likelihood that their neighbors, their nonlow-income neighbors probably reside within this customer gap. Again, unscientific but if we walked around the neighborhoods of our respective cities, maybe we could make that leap of faith.

The MIWEP proposal is to target neighborhoods representing 60 percent low income, according to U.S. Census records, and in these neighborhoods the program administrator in an effort to build capacity would work with local government and other community groups to deliver comprehensive outreach. Then this program administrator would coordinate the delivery of services from efficiency and weatherization contractors.

The outreach process would determine which participants qualified for low-income payment of service and all other moderate income participants would receive equivalent service that would instead be funded through other sources.

This service provided to moderate income participants could be paid for entirely in a direct install manner or through another structure such as 50 percent cost sharing. But the basic goal here is in creating a test bed for coordinating utilities' low-income programs and weatherization programs, the neighbors perhaps next door who don't qualify as low income should still be able to receive the same services. And coming up with a way to do that in a targeted neighborhood approach would make a lot of sense.

I am throwing out a suggestion for a

participation goal of this pilot to treat up to 40,000 homes within the customer gap throughout the state.

And the funding opportunity, I call it an opportunity because it is really not certain. We don't know exactly how funds could possibly flow. But the idea basically here is that depending on how much funds on average were received by low-income customers, the equivalent would need to be provided for those customers within the customer gap. Only the services provided to the customer gap and the cost to manage this coordination effort are a part of this funding opportunity.

And, of course, the final program design would have to ensure that the household and community benefits greatly outweigh the cost.

The actual funding needed to implement this MIWEP model is truly program variable dependent. As our utility program designers know, it is all the devil is in the details.

So the two major program variables I am seeing are the average total cost per household of the package of weatherization and efficiency measures inclusive of administrative costs and the number of households targeted statewide.

Also important for determining the program cost estimates are possible funding scenarios where participating local governments use perhaps their energy efficiency and block grant conservation dollars to further the program goals.

A round number cost estimate, since that is probably what people are interested in, is let's say 40,000 households participating with 50 percent cost sharing of the average $4,000 package here represents $80 million, which typically, that is a lot of money, but we are talking about lots of money right now.

And so I just throw it out there. That 40,000 homes to start with would also be balanced by, in those same neighborhoods, 60,000 low-income homes upgraded by the low-income energy efficiency and weatherization program dollars coordinated and leveraged.

Of course, the pilot community should be spread across the state so a variety of climate zones and urban densities will be tested. If something like this were to be scaled up, you would want to be starting in specific communities so that you could identify barriers that needed to be addressed.]

Of course, communities in those service territories are municipal utilities could be included if those utilities were a part, too, as essentially filling the role of the IOU low-income programs.

And the final list of participating communities would have to be identified through an application process to pilot the new level approach. And you would need to probably have the presence of community-based organizations or other implementers that are currently part of CSD Weatherization Assistance

Program, and equally a utility or muni, Low-Income Energy Efficiency Program to work together there.

Finally, this is just a quick -- this is what I usually do, I usually put graphs up there. This is a quick schematic of the California Energy Efficiency Strategic Plan target for the existing residential sector.

And the bars are homes participating at some level of efficiency, getting out to 2020 where all 13 million homes have participated resulting in an average energy reduction or energy consumption reduction of 40 percent. That is the strategic plan goal.

Here we are in 2008. The first line here is 2 million homes. And I took down some numbers from Jayson Wimbley's presentation and then from Sarita's presentation. We are talking about 100,000 homes through CSD, and 300,000 homes a year through the Low-Income Energy Efficiency Programs. 400,000 homes, very ambitious, but it is not going to get us to 13 million homes in 12 years.

So just as a suggestion to jump start this activity, we certainly can't rely only on low-income programs to reach those types of numbers. And moving into the moderate income segment creates a market both for the contractors of those programs as well as introduce those services to that customer segment, and provide jobs for hopefully a large number of currently out-of-work contractors.

That is it. Thanks.

COMMISSIONER GRUENEICH: Thank you very much, Michael.

That concludes the list of people and parties that had asked to speak at this all-party meeting. I believe that we have now reached the end of the time that I had allotted for the meeting.

Let me just thank everybody for coming, and I will say that I will be conferring with our Administrative Law Judge, David Gamson, in terms of the specific energy efficiency portfolio docket that we had the prehearing conference this morning with regard to any specific items that we may feel that we need to get additional comment on or give direction on.

I see that -- is there a request for another speaker?

MS. GEORGE: Yes, I thought there was an open time on the agenda.

COMMISSIONER GRUENEICH: Why don't we have two minutes then.

Is there anybody else that is going to request speaking time?

(No response)

COMMISSIONER GRUENEICH: Let me ask my colleagues, what is your time frame, do you need to depart now? I can stay.

COMMISSIONER LEVIN: I can stay. I have a couple of questions of the previous speakers.

COMMISSIONER GRUENEICH: Before we take additional comments, actually, let me make sure I can -- if you can hold off for a minute, Ms. George. Let me be sure and ask if you would like to ask comments of any speakers, Jayson. We will take that first.

COMMISSIONER LEVIN: I want to thank all of the speakers. I think all of you have contributed some really important ideas and options. I think probably we all have an overriding reaction of my God, what am I going to do with all of this quickly, and meet all of the goals of the stimulus package. I was going to say a couple of things really seemed to have emerged from all of the speakers. In addition to oh my God, be careful what you ask for that I think that we all share.

The sustainability issue I think is absolutely critical. Moving toward middle class jobs I think is really important. But I'm going to focus in particular on something that Ms. London said, and I agree, and Mr. Ryan mentioned, that interest-free loans and revolving fund idea. I think those are really critical. Going back to the last presentation, how are we going to get to the overall goals of AB 32 of a clean energy economy. Clearly, this is going to be a down payment as large as a down payment as it is.

So I'm curious to hear, and maybe this needs to be in written comments given time constraints, I know of the revolving fund program in Berkeley. It has been way oversubscribed. I'm very curious to find out where else in the state we have existing revolving funds that we could -- to potentially but some of this money into. There is a longer term paybacks. It is building the longer term infrastructure that we need in California that, as Ms. London said, it teaches people to fish rather than just handing them the one-time only fish. I think it is a really important ideas that we could use some more concrete suggestions to flesh out.

COMMISSIONER GRUENEICH: Jayson, did you want to offer anything?

MR. GEORGE: No.

COMMISSIONER GRUENEICH: Ms. George.

STATEMENT OF MS. GEORGE

MS. GEORGE: Thank you. My name is Barbara George, and I'm with Women's Energy Matters. We've been intervenors at the PUC on energy efficiency proceedings since 2001.

And we've seen the utilities in action for many years. We also saw some independent programs 49 out of 50 of them save more energy per dollar than the utilities. And I think we all need to keep that in mind today.

Cities and counties are very interested in getting these funds. I think what you heard in a very polite way was there was a jail break going on from the utility control, monopoly control, of these programs. I was really happy to hear Mr. Gaines say the utilities don't plan to compete with these funds. I kind of doubt that. I think they tend to be very competitive. I do hope the Energy Commission does not award any of these funds to the utilities.

I don't believe they fit with -- the federal guidelines in the memo said a number of issues that the utilities really do not comport with most of these on the list.

Something -- the recipients and users transparent to the public, public benefits of these funds report fairly accurately and in a timely manner. The utilities just submitted false reports for 2006/2007 programs. They have used outdated criteria the CPUC had forbidden. The CPUC gave them $82 million projects on those funds. We have to worry about if these funds are commingled with current programs are the utilities going to rake off 12 percent profits for them?

These funds need to be used for authorized purposes and not for fraud, waste, error and abuse. The energy efficiency programs have been used to fight public power and community choice efforts. Again, the competition is brutal when it comes to the utilities.

Funds were awarded in a prompt, fair and reasonable manner. The utilities' present cycle took 16 months before they would sign their contracts for the local governments. And then they said, here, we will give you half of the money, and you are under our control. I think what the cities can see now they have the first opportunity that they've had in years to get money directly from the government. And I don't think they are going to hand it over to the utilities if they have -- if they know what their opportunities are.

I think the time frame -- and this is moving so fast that that is the biggest fear I have, the utilities would be able to grab all the money just because the local governments and the other parties who could be using it much better will not have an opportunity to even know about it until it is all over.

But I want to point out on the residential programs that we just saw that PG&E's residential program is only 13 percent of the funds, even though residential customers contribute 38 percent of public goods charged funds. Most of the utility programs are going to landlords, not to the tenants. And most of what they did of course was just, you know, throwing compact fluorescent lights to the masses instead of doing the kinds of things that would really cut down on the need for new power plants and other resources which make -- the utilities made 12 percent profit.

So I think that as Californians we really need to be watchful, and make sure the federal funds are used as they are intended. And I think for -- this means that the CEC is going to be a very important in this issue. I know that the Energy Commission was originally set up in 1974.

COMMISSIONER GRUENEICH: Excuse me, Ms. George if I can ask you to wrap it up.

MS. GEORGE: I hope you will be considering how to assist, provide assistance and oversight in this process.

COMMISSIONER GRUENEICH: Thank you.

Would everybody who would like to speak try to move down towards the front of the room, given the lateness of the hour. Thank you.

Again, I ask if you can try to keep it under a couple of minutes.

STATEMENT OF MR. COUCH

MR. COUCH: Commissioner Grueneich, ladies and gentlemen, thank you. I'm Patrick Couch, California Conservation Corps.

As Mark Twain would say, my inability to be here was greatly exaggerated.

I just want to say I want to talk about another opportunity, that is the opportunity to have an impact on the 170,000 young people dropping out of high school every year. The California Conservation Corps in combination with local corps hire about 3,000 young people. We are positioned to grow.

We have a memorandum of understanding with the Chancellor's Office to provide training. And I would just ask that the utilities consider giving their ratepayers another advantage as both training and employing their young people. That our population, 50 percent do not have high school diplomas; but qualified supervision, meaningful work, and you turn young lives around. I think this is a huge opportunity to not only benefit the country on one level but every level.

As Van Jones said, the Conversation Corps may very well be the "first rung of the ladder."

Thank you very much.

COMMISSIONER LEVIN: Mr. Couch, I want to say that my first job was in the Youth Conservation Corps, and I wholeheartedly agree with you. It is very important steppingstone. Look where I ended up.

MR. COUCH: Thank you.

STATEMENT OF MS. ETTENSON

MS. ETTENSON: Hi, my name is Lara Ettenson with the Natural Resources Defense Council. Thank you for this opportunity. I do want to note I did RSVP, but I didn't have a presentation. Perhaps I fell through the cracks.

I'm encouraged to hear all the coordination efforts, and we look forward to participating in whatever possible.

My main goal today is to introduce the Coalition. A coalition that is named the California Green Stimulus Coalition. For any of you that have not yet encountered our team, we are a coalition of dozens of California's influential and respected organizations that advocate the environment, the economic justice, organized labor, community health, a strong workforce system, among other things.

We are coordinated by the Ella Baker Center. We advocated for the greenest, most equitable use of the funds coming to us. We have a number of overarching principles that include, among other things, investing in projects that are environmentally sound, that maximize environmental health and also mitigate any environmental health risks, the disadvantaged community.

We also want to ensure that the stimulus funds go to creating high-quality jobs that are linked to strong apprenticeship and workforce education programs to those that most need those jobs.

We have additional principles that I would be happy to e-mail to anyone that is interested.

We also have a number of subgroups, including transportation, energy, water, conservation, parks and open space, and green job training. I'm leading up our energy team, and this coalition that we have also has about 15 people on the energy team alone. Our coalition comes up with energy-specific goals, in particular, those include that insured coordination among all the different agencies, different funds, and also the existing implementation structures.

We also see a high potential for energy efficiency in existing buildings in addition to new construction, and want to increase the enforcement. All the while we also have noted in an overarching coalition principles, we want to ensure that these are creating energy jobs that are quality and linked to the appropriate programs currently existing.

The next step for the coalition includes developing actual recommendations and projects on the project, focus and implementation strategies that would hopefully be a guidance and can help for those of you that are utilizing and also deploying funds.

We plan to have these available to provide guidance during the May 12th date that you noted. We offer our coalition as a resource and encourage other organizations to join.

Feel free to contact me. I know many of you have my contact information. If you call the NRDC office you can ask for Lara, L-a-r-a.

COMMISSIONER LEVIN: Repeat your name, you said it very quickly.

MR. ETTENSON: It is Lara, L-a-r-a, Ettenson at NRDC. Thank you.

COMMISSIONER LEVIN: Thank you.

STATEMENT OF MR. BERT

MR. BERT: Bob Bert, Installation Contractors Association.

I promise to be extremely brief.

In answer to Commissioner Grueneich's earlier question about the possibility of qualified people, I can assure you that the collapse of the housing boom means that you are going to have qualified contractors all over California eagerly wanting to join this program so they can bring back some of the people they've laid off.

My other comment is I want to support the comment by Mr. Wheeler on the use of neighborhood qualification. That has been done briefly in the LIHEAP Program I believe with great success. It is a splendid way to, one, reduce overhead, and, two, greatly increase contractor efficiency.

And I would add that considering how great energy hogs much of our commercial sector is, you could expand that way past residential and consider doing some downtown areas in the same way.

With that, I conclude.

COMMISSIONER GRUENEICH: Thank you.

Do we have any other speakers?

(No response)

COMMISSIONER GRUENEICH: If not, thank you very much for your participation this afternoon.

(Whereupon, at the hour of 3:15, this all-party hearing concluded.)

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