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Executive Director, SANDAG



BOARD OF DIRECTORS POLICY AGENDA

Friday, April 14, 2006
10 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

AGENDA HIGHLIGHTS

- **REGIONAL ENERGY PLANNING PROGRAM:
PROGRESS TO DATE AND FUTURE OF THE
PROGRAM**
- **SENATE BILL 1539 (KEHOE)**

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MISSION STATEMENT

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus, makes strategic plans, obtains and allocates resources, plans, engineers, and builds public transit, and provides information on a broad range of topics pertinent to the region's quality of life.

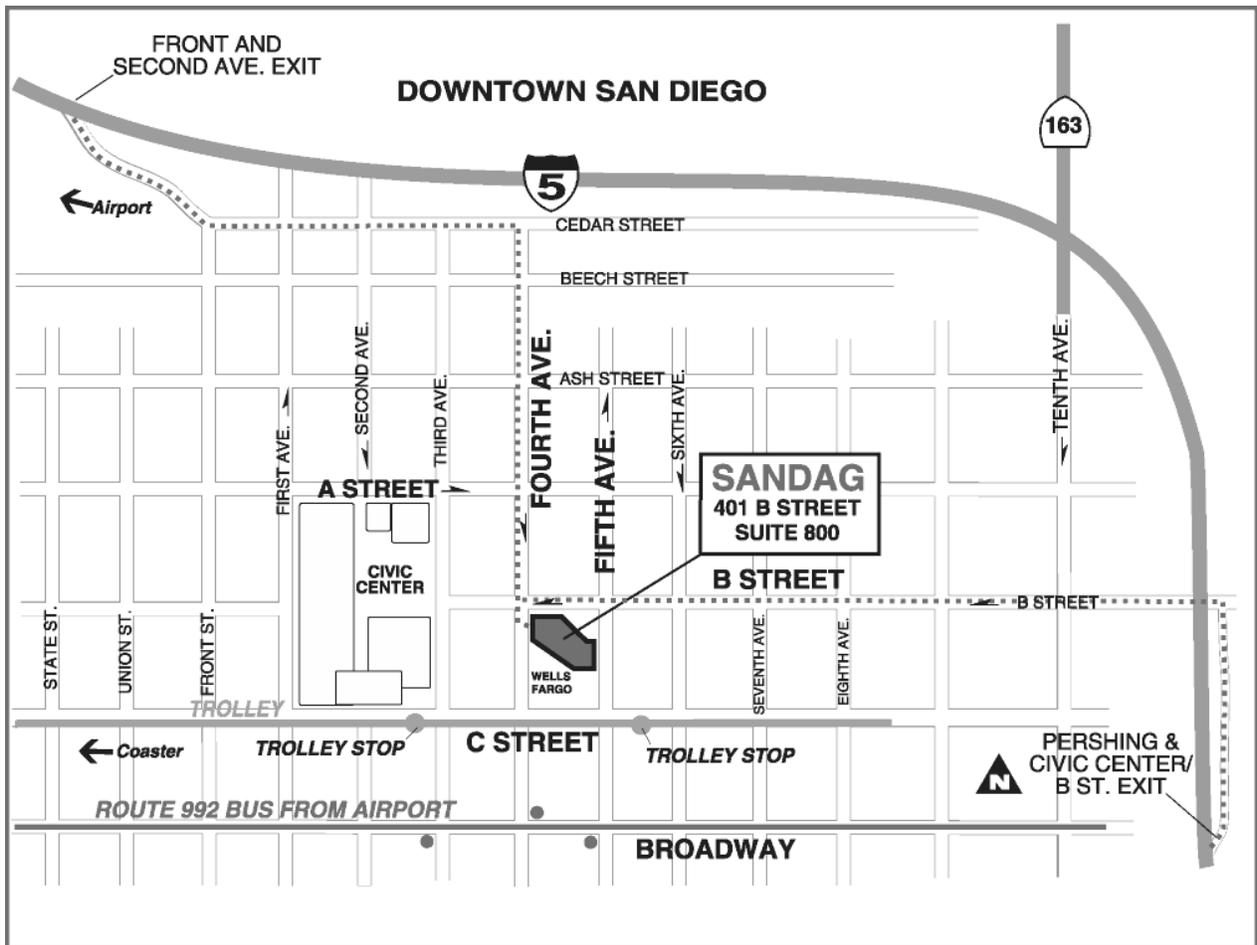


Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Please complete a Speaker's Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Board seated at the front table. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Board of Directors may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on SANDAG's Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two working days prior to the Board of Directors meeting.

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BOARD OF DIRECTORS POLICY AGENDA

Friday, April 14, 2006

ITEM #	RECOMMENDATION
1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS	
<p>Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG. Anyone desiring to speak shall reserve time by completing a "Request to Speak" form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.</p>	
REPORTS (2 through 4)	
+2. REGIONAL ENERGY PLANNING PROGRAM: PROGRESS TO DATE AND FUTURE OF THE PROGRAM (Rob Rundle)	INFORMATION
<p>SANDAG created the Energy Working Group (EWG) in December 2003 to advise the Board of Directors and Regional Planning Committee on issues related to the coordination and implementation of the Regional Energy Strategy. The EWG has been meeting regularly since March 2004. This item reports on its progress to date and future activities planned for the Regional Energy Planning Program.</p>	
+3. SENATE BILL 1539 (KEHOE) - PENDING LEGISLATION TO SUPPORT THE ACTIVITIES OF THE ENERGY WORKING GROUP (Rob Rundle)	APPROVE
<p>Senator Kehoe introduced SB 1539, that would define SANDAG's role in regional energy planning and endorse the involvement of the SANDAG Energy Working Group in specified California Public Utilities Commission (CPUC) and California Energy Commission (CEC) activities to implement regional policies that are consistent with state energy policy. The EWG recommends that the SANDAG Board support this legislation and send a letter to Senator Kehoe in support of SB 1539.</p>	
+4. WORK PROGRAM AND FUNDING FOR REGIONAL ENERGY PLANNING PROGRAM (Rob Rundle)	DISCUSSION
<p>The purpose of this Board Policy meeting is to discuss the progress and effectiveness of the EWG and options for the future of SANDAG's Regional Energy Planning Program. The Board of Directors should discuss and provide direction on SANDAG's commitment to continue the Regional Energy Planning Program.</p>	

5. UPCOMING MEETINGS

INFORMATION

The next Business meeting of the SANDAG Board of Directors is scheduled for Friday, April 28, 2006, at 9 a.m. The next Policy meeting of the SANDAG Board of Directors is scheduled for Friday, May 12, 2006, at 10 a.m.

- +6. CLOSED SESSION-CONFERENCE WITH LEGAL COUNSEL IN ANTICIPATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(b)(3)(C)-ONE POTENTIAL CASE

7. ADJOURNMENT

+ next to an agenda item indicates an attachment



**BOARD OF DIRECTORS
APRIL 14, 2006**

**AGENDA ITEM NO. 06-04-2
ACTION REQUESTED - INFORMATION**

**REGIONAL ENERGY PLANNING PROGRAM:
PROGRESS TO DATE AND FUTURE OF THE PROGRAM**

File Number 3003000

Introduction

SANDAG formed the Energy Working Group (EWG) in December 2003 for the purpose of implementing the San Diego Regional Energy Strategy (RES) adopted by the Board of Directors in July 2003. The EWG has been meeting since March 2004 to discuss and make recommendations on issues related to the RES. Specifically, the EWG has made recommendations to the Regional Planning Committee, Executive Committee, and Board of Directors on many proceedings and/or hearings at the California Public Utilities Commission (CPUC) and California Energy Commission. In addition, the EWG has made recommendations to the Board on issues being addressed by San Diego Gas & Electric (SDG&E) related to implementing the region's energy policies outlined in the RES. In summary, the EWG has provided a forum for a diverse set of policy makers, stakeholders, and interest groups to discuss important energy policy issues in the San Diego region.

The EWG is co-chaired by Councilmember Henry Abarbanel, City of Del Mar, and Mayor Art Madrid, City of La Mesa. The EWG is represented by an elected official from the City of San Diego and each of the four subregions (North County Inland, North County Coastal, East County, and South County), and the County of San Diego has identified a staff representative to the EWG. In addition to the elected officials on the EWG, membership includes representatives from business, labor, environmental, and educational interests, the Department of Defense, and SDG&E. A complete list of the EWG membership is included in Attachment 1.

Discussion

In forming the EWG, SANDAG determined this group would be responsible for making recommendations on:

- Energy planning, policy consensus building and implementation;
- Unified legislative and regulatory advocacy with the state and federal governments;
- Coordination with adjacent areas in the state and in Baja California, Mexico; and
- Evaluation of Regional Energy Strategy implementation efforts.

EWG Priorities

Through strategic planning sessions, including two retreats, the EWG identified and prioritized its efforts. Top priority activities for the EWG have included the following.

1. The EWG has provided input and direction to SDG&E's 2006 long-term resource plan (LTRP). This long-term electricity plan identifies the path to meet San Diego's resource needs over the next 10 years. It includes energy efficiency, distributed generation, renewable power facilities, conventional power plants, and transmission.
2. The EWG has assisted local governments (and other public agencies) in implementing the state-approved preferred loading order, and their energy goals. The preferred loading order refers to the way electricity resources are procured. The state requires decreasing electricity demand by increasing energy efficiency and demand response, and meeting new generation needs first with renewable and distributed generation resources, and second with clean fossil-fueled generation.
3. There are several programs and resources available to public agencies, but many small and mid-size governments have not taken advantage of these programs. The EWG oversaw a pilot program (described below in greater detail) that was developed to facilitate the participation of one city and to identify barriers that may inhibit cities and other public agencies from addressing energy-saving measures. This pilot program is explained in greater detail below.
4. The EWG has conducted public workshops on timely energy issues. The EWG has hosted and/or cosponsored six workshops on topics including border energy issues, electric transmission, climate change, and distributed generation. In addition, the EWG hosted a regulatory roundtable with CPUC Commissioner Dian Gruenich and a Legislative Forum with Senator Christine Kehoe.

EWG Activities to Date

EWG Energy-Saving Program to Aid Local Governments: The Carlsbad Pilot Program

Overview. The EWG oversaw a pilot program to help local governments reduce energy use, save on their utility bills, and promote conservation. Pilot program components addressed energy-saving measures for existing buildings, new construction and policy initiatives. The EWG tasked the San Diego Regional Energy Office (SDREO) to develop and implement the pilot in cooperation with SDG&E.

Pilot Development. This program was designed to help local governments that traditionally have not done significant energy management complete energy projects, reduce their energy costs, and operate successfully. The criteria for being selected as a pilot jurisdiction included: no full-time energy manager; minimal participation in energy efficiency programs; available funds or willingness to finance energy projects; and staff capacity to manage projects.

It was determined that the EWG Pilot Program would:

- Provide free technical and policy support to develop an energy management plan;
- Assess energy needs;
- Conduct audits of public facilities;
- Assist in developing projects; and
- Identify appropriate rebate and financing programs.

Selection of City of Carlsbad. The City of Carlsbad was selected as the pilot jurisdiction and received free technical and policy support. The EWG served as facilitator for the city to address its energy

needs. The facilitators worked with program managers on relevant SDG&E and SDREO programs to streamline program delivery method to city, thereby reducing confusion of multiple program contacts. As part of the pilot program, energy audits were conducted on nine City-owned buildings in Carlsbad.

Results. The audits resulted in identifying 32 energy-saving recommendations that if implemented would save the City \$193,000 per year on its energy bills. For three projects it is implementing in the near term, the City has qualified for roughly \$75,000 in incentives and could save \$43,000 annually on its electric bills.

While the City of Carlsbad was the formal pilot participant, in preliminary needs assessment interviews with Cities of Vista and Poway, EWG gleaned information about barriers and needs for local governments and assisted their entry into two existing assistance programs operated by the SDREO: its Technical Assistance Program (TAP) and Local Government Energy Efficiency Partnership Program (LGEEP). The ultimate goal was to save local agencies money on their utility bills and take full advantage of the energy efficiency and onsite generation programs that are available.

Regulatory/Legislative Review and Analysis

The EWG has tracked and evaluated numerous legislative items as well as followed regulatory proceedings as they relate to the RES. EWG members and/or staff have accomplished or aided the following efforts:

- Participated in the 2006-2008 Energy Efficiency Program Advisory Group (PAG) to advise SDG&E on its decision-making process
- Developed bill summaries on all pertinent energy bills for 2004, 2005, and 2006 and reviewed potential support of key energy bills
- Reviewed SB 1539 (Kehoe) and recommended amendments to the bill, which supports the work of the EWG (see Agenda Item No. 3)
- Reviewed filings with the CPUC, including point/counterpoint discussions and/or letters to the CPUC on the following:
 - Long-term planning
 - Critical peak pricing
 - Energy efficiency
 - Energy cost allocation across Investor-Owned Utilities (IOUs)
 - Support of SB 816 (Kehoe) which raised the net metering cap in San Diego
 - SDG&E's proposal for the Sunrise Powerlink

Long-Term Resource Planning (LTRP)

The EWG has evaluated SDG&E's long-term planning process to determine its compatibility with the RES.

- Reviewed a resource planning process used by an energy producer in the Pacific Northwest (PacifiCorp) which could be used as a model for the EWG's long-term resource planning process

- Developed a comparison of RES and Regional Energy Infrastructure Study (REIS) with LTRP, including a reassessment of RES Guiding Principles
- Acquired an energy resource planning model (known as the “MRW Resource Inventory Tool”) to assess energy resource options. The MRW tool will be used by the EWG to assess current resources and future resource needs; the model is currently being updated for input in 2006 CPUC Long-Term Procurement Planning proceeding
- Tracked, evaluated, and commented to the California Energy Commission on its Integrated Energy Policy Report (IEPR)

Education and Outreach

The SANDAG EWG meets monthly to discuss energy issues. In addition to these monthly meetings, the EWG has two subcommittees that meet at least once a month to formulate and determine agenda items for upcoming meetings. Since 2004, the EWG has facilitated the following educational forums:

- 23 regular session meetings
- Six workshops on energy issues, including transmission, Flex Your Power, IEPR border energy, legislation (legislative forum), climate change, and regulations
- Meetings with California Energy Commissioners Geesman and Boyd and their advisers
- Presentations to city councils

Future Activities

As previously noted, the EWG continues to work on the San Diego region’s energy policy, planning, education, and outreach. The following topics are planned at upcoming meetings:

- Workshop preparation
 - Distributed Generation Workshop (April 14, 2006)
 - Bus tour of potential transmission routes (Spring 2006)
 - Natural Gas and Liquefied Natural Gas (May 2006)
 - In-region generation (June 2006)
 - Transmission (July 2006)
 - Legislative workshop (December 2006)
 - California Solar Initiative (January 2007)
 - Tracking state funding (March 2007)
- Continued collaboration and efforts on SB 1539, including:
 - Meetings between EWG members and staff and legislators
 - Review of potential amended versions of the bill
 - Providing testimony at legislative hearings

- Continued evaluation of SDG&E's proposal for the Sunrise Powerlink, with possibility of forwarding a pro/con analysis to SANDAG's Board of Directors
- Continued input into the region's long-term energy planning
 - Analysis of MRW tool
 - Feedback to SDG&E on fit between RES and LTRP

These future activities are contingent on the Board policy discussion as part of Agenda Item No. 4, and action the Board will take on the FY 2007 Budget (including the Overall Work Program [OWP]). There is currently funding in the draft FY 2007 Budget for a full-time staff position to implement the activities outlined above. In addition, SANDAG would continue to work with the SDREO, through a Memorandum of Understanding, to provide staff support to the EWG and provide subject matter expertise on issues that support the implementation of the RES.

GARY L. GALLEGOS
Executive Director

Attachment: 1. EWG Membership Roster

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandag.org

Funds are budgeted in Work Element #3003000



ENERGY WORKING GROUP

MEMBERSHIP

The Energy Working Group advises the Regional Planning Committee on issues related to the coordination and implementation of the Regional Energy Strategy adopted by the SANDAG Board of Directors in July 2003. The Working Group consists of elected officials from the City of San Diego, County of San Diego and the four subareas of the region. In addition to elected officials, the Working Group includes stakeholders representing business, energy, environment, economy, education, and consumer interests.

The Energy Working Group generally meets at 11:30 a.m. on the fourth Thursday of the month.

*Staff contact: Rob Rundle
(619) 699-6949; rru@sandag.org*

MEMBERS

Co-Chair: Art Madrid
Mayor, City of La Mesa
East County

Co-Chair: Henry Abarbanel
Councilmember, City of Del Mar
North County Coastal

Bob Campbell
Councilmember, City of Vista
North County Inland

Steve Castaneda
Councilmember, City of Chula Vista
South County

Donna Frye
Councilmember, City of San Diego

Ken Bitar
County of San Diego

Jim Callaghan
Qualcomm

Steve Zolezzi
Food and Beverage Association

Laura Hunter
Environmental Health Coalition

Steve Hoffman
San Diego Regional Chamber of Commerce

Scott Anders
Energy Policy Initiatives Center (EPIC)

Gary Matthews
University of California San Diego
(UCSD)

Irene Stillings
San Diego Regional Energy Office
(SDREO)

Dr. Alan Sweedler
San Diego State University
(SDSU)

Marty Hunter
San Diego –
Imperial Counties Labor Council

Bill Reed
San Diego Gas & Electric

Bill Hays
Port of San Diego

Michael Shames
Utility Consumer's Action Network

Ralph Torres
U.S. Navy

Paul Blackburn
Sierra Club

Patti Krebs
Industrial Environmental Association (IEA)

Sharon Cooney
Metropolitan Transit System (MTS)

ALTERNATES

Vacant

City of San Diego

Rick Van Schoik

San Diego State University Foundation

Pat Zeutonian

County of San Diego

Rebecca Pearl

Environmental Health Coalition

Dave Weil

University of California San Diego
(UCSD)

Alan Ball

Qualcomm

Robb Anderson

San Diego Gas & Electric

Dave Carey

Port of San Diego

Mike Nagy

San Diego Regional Chamber of Commerce

Jim McCollum

Industrial Environmental Association
(IEA)



SENATE BILL 1539 (KEHOE) - PENDING LEGISLATION TO SUPPORT THE ACTIVITIES OF THE ENERGY WORKING GROUP File Number 3003000

Introduction

SANDAG's Energy Working Group (EWG) has coordinated closely with Senator Kehoe and her staff since the EWG started meeting in March 2004. In October 2005, the EWG held a legislative issues workshop which was chaired by Senator Kehoe. The purpose of the workshop was to identify legislative energy priorities for the region. As discussed below, since that workshop the EWG along with SANDAG staff has worked with Senator Kehoe's office to draft legislation that would address the legislative initiatives identified by the EWG.

Recommendation

The Energy Working Group recommends that the Board of Directors submit a letter (Attachment 1) to Senator Kehoe expressing support for SB 1539 as revised.

Discussion

Below are three legislative initiatives that emerged from the October 2005 workshop and that the EWG believes would benefit the San Diego region and support the Regional Energy Strategy.

1. *Integrate State Processes with our own Regional Energy Strategy Priorities*

There is consensus at the state and SANDAG level (through the Regional Energy Strategy) on following the preferred loading order for resource procurement. What is missing from the state initiatives is a formal mechanism to include local council of government (COG) input in state policy-making processes. The Legislature is asked to require or recommend local COG involvement in state policy making processes such as:

- California Energy Commission (CEC) Integrated Energy Policy Report (IEPR)
- California Public Utilities Commission (CPU)C-CEC Energy Action Plan (EAP)
- CPUC Long-Term Procurement Plan proceeding with San Diego Gas & Electric (SDG&E)

2. *Assist and Support Local Communities' Energy Goals*

Local energy subject matter experts, such as the San Diego Regional Energy Office (SDREO), should be equipped and tasked to provide technical assistance and education to each municipality in development of energy management plans. These management plans would outline how each city could implement renewable energy projects, green building options, and energy efficiency.

3. *Improve Energy Security and Reliability through Distributed Generation*

With increases in risks from terrorists and natural disaster, the San Diego region would like to see greater emphasis on energy security measures like distributed generation. Decentralized power across the region would add stability to regional power needs and reduce complete disruption if a natural or other disaster occurred.

Senate Bill 1539 (Kehoe)

Since the legislative workshop, the EWG has been working with Senator Kehoe and her staff to identify a mechanism to implement these legislative priorities. On February 23, 2006, Senator Kehoe introduced a spot bill, Senate Bill (SB) 1539 entitled San Diego Association of Governments Energy Working Group, which was later amended on March 27, 2006 (Attachment 2). As currently amended, the bill endorses the involvement of a coalition of local government and private energy interests from San Diego (principally the SANDAG EWG) in specified California Public Utilities Commission (CPUC) and California Energy Commission (CEC) activities to implement regional policies that are consistent with state energy policy, including:

- The Integrated Energy Policy Report;
- The state Energy Action Plan II;
- The CPUC's mandated Long-Term Resource Plan that is submitted by SDG&E; and
- Working to enhance distributed generation in the region.

As currently amended, SB 1539 also asks the CPUC and CEC to consider allocating existing funding to support both SANDAG's involvement with CPUC and CEC activities as well as other energy-related activities by the coalition that implement regional energy policy, but are not necessarily required of investor-owned utilities (such as SDG&E). Such activities include:

- Transportation fuels (reducing consumption through transportation and land use choices);
- Transportation corridors (feasibility of co-locating transportation facilities with other public infrastructure);
- International border issues related to energy policy;
- Implementation of the energy goals of the state; and
- Creation of a "Sustainable Region" program (to assist local governments analyze and implement energy efficiency measures, demand response, and distributed generation).

SB 1539 passed out of the Senate Energy, Utilities, and Communications Committee on April 4, 2006, with the agreement that the Senator Kehoe would amend the bill to remove references in it to provide funding for the coalition's activities. Senator Kehoe also wanted to ensure that the bill, as amended, would not preclude the EWG from working with the CPUC and CEC to seek funding through existing channels.

Next Steps

Staff will send to Senator Kehoe SANDAG's letter of support for SB 1539, if approved by the Board of Directors. As part of Agenda Item No. 4, the Board of Directors also is being asked to discuss issues related to funding the ongoing activities of the EWG. In particular, the Board is being asked to consider what level of funding, if any, should be provided by regional stakeholders, other EWG members, SANDAG, and the state (through the CPUC and CEC) to carry out the EWG's identified priorities and initiatives.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Draft Letter of Support for SB 1539
2. SB 1539 (as amended on March 27, 2006)

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandag.org

Funds are budgeted in Work Element #3003000



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www.sandag.org

April 14, 2006

The Honorable Christine Kehoe
California State Senator
State Capitol, Room 3086
Sacramento, CA 95814

Dear Senator Kehoe:

SUBJECT: Support of SB 1539, SANDAG Energy Working Group (EWG)

On behalf of San Diego Association of Governments (SANDAG), we thank you for sponsoring Senate Bill (SB) 1539 which endorses SANDAG's involvement in review, analysis, and supportive implementation of specified energy policies of the state, including current activities by the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC). As you know, SANDAG is working diligently on implementation of the San Diego Regional Energy Strategy, adopted by our Board of Directors in July 2003, and SB 1539 lays the groundwork for CPUC and CEC to recognize grass-root efforts and initiatives that implement regional energy policies that are consistent with state goals.

The SANDAG Board of Directors voted in support of SB 1539 at its April 14, 2006, meeting. SANDAG's believes this is the first step in empowering the San Diego region to play a role in the decision-making process on important energy policies. Local input on these processes can result in positive impacts on air quality through the deployment of renewable energy resources and on neighborhoods by promoting local distributed generation to increase energy security and reliability.

Again, thank you for your sponsorship of this legislation. We also thank you for your continued interest in working with SANDAG on these and other issues.

Sincerely,

MICKEY CAFAGNA
Chair, SANDAG Board of Directors

RR/dd

MEMBER AGENCIES

- Cities of
- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- El Cajon
- Encinitas
- Escondido
- Imperial Beach
- La Mesa
- Lemon Grove
- National City
- Oceanside
- Poway
- San Diego
- San Marcos
- Santee
- Solana Beach
- Vista
- and
- County of San Diego

ADVISORY MEMBERS

- Imperial County
- California Department of Transportation
- Metropolitan Transit System
- North San Diego County Transit Development Board
- United States Department of Defense
- San Diego Unified Port District
- San Diego County Water Authority
- Mexico

AMENDED IN SENATE MARCH 27, 2006

SENATE BILL**No. 1539****Introduced by Senator Kehoe**

February 23, 2006

An act to add Section 379.9 to the Public Utilities Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 1539, as amended, Kehoe. San Diego Association of Governments Energy Working Group.

Under existing law, the Public Utilities Commission (commission) has regulatory authority over public utilities and is authorized to establish its own procedures, subject to statutory limitations or directions and constitutional requirements. The existing Public Utilities Act provides compensation for reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs to public utility customers for participation or intervention in any proceeding of the commission based, in part, upon whether the intervenor would experience significant financial hardship.

This bill would state the intent of the Legislature that the commission and the State Energy Resources Conservation and Development Commission (Energy Commission) ~~allocate~~ *consider allocating* existing funds to reimburse the San Diego Association of Governments Energy Working Group, *or the coalition, as defined, or both*, for certain costs incurred by ~~working group~~ *these entities* in participating in specified proceedings of the commission, the Energy Commission, and the working group, and certain other energy-related activities. The bill would make related legislative findings and declarations. *The bill would require the commission and the Energy*

Commission to enable and facilitate the review and analysis by regional stakeholders through the San Diego Association of Governments Energy Working Group, or the coalition, or both in any proceeding of the commission or the Energy Commission.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 379.9 is added to the Public Utilities
2 Code, to read:

3 379.9. (a) As used in this section:

4 (1) *“Coalition” means the collaboration among the San Diego*
5 *Association of Governments Energy Working Group and other*
6 *entities within the San Diego region, including, but not limited to,*
7 *the San Diego Regional Energy Office and San Diego Gas and*
8 *Electric Company, that has been established to implement the*
9 *San Diego Regional Energy Strategy, as adopted by the San*
10 *Diego Association of Governments Energy Working Group*
11 *Board of Directors in 2003.*

12 (1)

13 (2) *“Energy Commission” means the State Energy Resources*
14 *Conservation and Development Commission.*

15 ~~(2) “Working group” means the San Diego Association of~~

16 (3) *“SANDAG” means the San Diego Association of*
17 *Governments Energy Working Group.*

18 (4) *“SDG&E” means the San Diego Gas and Electric*
19 *Company.*

20 (5) *“SDREO” means the San Diego Regional Energy Office.*

21 (6) *“Sustainable Communities program” means a program*
22 *that assists local governments to analyze energy efficiency,*
23 *demand response, and distributed generation measures, and to*
24 *develop an implementation plan that will enable them to*
25 *maximize the benefits of these measures.*

26 (b) The Legislature finds and declares all of the following:

27 (1) The purpose of this section is to encourage the commission
28 and the Energy Commission to enable and facilitate the
29 ~~participation of the working group in its participation or~~
30 ~~intervention~~ *review and analysis by regional stakeholders*
31 *through SANDAG, or the coalition, or both SANDAG and the*

1 coalition in any proceeding of the commission or the Energy
2 Commission.

3 ~~(2) The participation of the working group in proceedings~~
4 ~~should be promoted and encouraged where that participation~~
5 ~~substantially contributes to orders and decisions of the~~
6 ~~commission or the Energy Commission and that participation is~~
7 ~~in the public interest.~~

8 *(2) The involvement of SANDAG, or the coalition, or both*
9 *SANDAG and the coalition in commission or Energy*
10 *Commission processes should be promoted and encouraged*
11 *where that review and analysis by regional stakeholders*
12 *substantially contributes to orders and decisions of the*
13 *commission or the Energy Commission, and that involvement is*
14 *in the public interest.*

15 (3) The Legislature encourages the ~~participation of the~~
16 ~~working group~~ *review and analysis by regional stakeholders*
17 *through SANDAG, or the coalition, or both SANDAG and the*
18 *coalition in state policymaking processes.*

19 (c) It is the intent of the Legislature that all of the following
20 should occur:

21 ~~(1) The Energy Commission should allocate existing funds to~~
22 ~~reimburse the working group for those costs the working group~~
23 ~~incurs in participating in all of the following proceedings:~~

24 *(1) The commission, the Energy Commission, and other state*
25 *agencies should consider allocating existing funds to SANDAG,*
26 *or the coalition, or both SANDAG and the coalition to be actively*
27 *involved in, but not limited to, all of the following:*

28 (A) The Integrated Energy Policy Report of the ~~State Energy~~
29 ~~Resources Conservation and Development Commission~~ pursuant
30 to Section 25302 of the Public Resources Code.

31 (B) The state Energy Action Plan II.

32 (C) The improvement of energy security and resource
33 enhancement through in-region distributed generation.

34 *(D) The SDG&E Long Term Resources Plan proceeding of the*
35 *commission.*

36 ~~(2) The commission should reimburse the working group from~~
37 ~~existing funds for the costs incurred by the working group in the~~
38 ~~San Diego Gas & Electric Corporation Long Term Resources~~
39 ~~Plan proceeding of the commission (Rulemaking No. 04-04-003).~~

40 (3)

1 (2) The commission *and the Energy Commission* should
 2 ~~allocate~~ *consider allocating* existing funds to support regional
 3 planning and the implementation of energy-related policy by ~~the~~
 4 ~~working group~~ *SANDAG, or the coalition, or both SANDAG and*
 5 *the coalition* to achieve regional energy goals and optimize the
 6 *beneficial* social, economic, and environmental impacts of
 7 essential energy infrastructure not required of investor-owned
 8 utilities, including, but not limited to, all of the following:

9 (A) Transportation fuels *in SANDAG’s role as transportation*
 10 *planning agency, identifying strategies to reduce the fuel*
 11 *consumption rate through transportation and use choices, and*
 12 *transportation mode choices.*

13 (B) Transportation corridors *that identify strategies to utilize*
 14 *long-range transportation planning processes to plan for*
 15 *re-location of utility infrastructure .*

16 (C) ~~Border~~ *International border* issues related to energy
 17 policy.

18 (D) Implementation of the energy goals of the state.

19 (E) *Creation of a model sustainable communities program for*
 20 *the San Diego region.*

21 ~~(4)~~

22 (3) The commission *and Energy Commission* should ~~allocate~~
 23 ~~consider allocating~~ existing funds to ~~reimburse the working~~
 24 ~~group for the costs of the use of subject matter experts, including,~~
 25 ~~but not limited to, the San Diego Regional Energy Office and the~~
 26 ~~Energy Policy Initiative Center, to provide assistance and~~
 27 ~~education to the working group in SANDAG, or the coalition, or~~
 28 ~~both SANDAG and the coalition for the use of subject matter~~
 29 ~~experts, including, but not limited to, SDREO or other experts~~
 30 ~~deemed necessary to provide assistance and education to~~
 31 *SANDAG in development and implementation of energy*
 32 *management plans to advise local governments in the effective*
 33 *implementation of renewable energy projects, green building*
 34 *options, and energy efficiency. The plans should also include*
 35 *funding initiatives to facilitate the implementation of the loading*
 36 *order that is included in the Energy Action Plan II.*

37 (d) *The commission and the Energy Commission shall enable*
 38 *and facilitate the review and analysis by regional stakeholders*
 39 *through SANDAG, or the coalition, or both SANDAG and the*

- 1 *coalition in any proceeding of the commission or the Energy*
- 2 *Commission.*

O



**WORK PROGRAM AND FUNDING FOR
REGIONAL ENERGY PLANNING PROGRAM**

File Number 3003000

Introduction

As described in Agenda Item No. 2, the Energy Working Group (EWG) believes that the Regional Energy Planning Program has been effective in meeting many of the objectives set forth by the Board of Directors when the program was created. However, the EWG also believes that the lack of adequate resources has limited its effectiveness in implementing the Regional Energy Strategy (RES) and carrying out the activities included in the Regional Energy Planning Program work element of SANDAG's annual Overall Work Program (OWP). The EWG believes that the program could be more effective in the future if additional resources were made available. The Board should understand that regional input on energy issues is an important component of the Regional Comprehensive Plan (RCP) and a commitment to this effort should be viewed as long-term.

The effectiveness of the energy planning program is related to both funding available to support the program and the partnerships that are created to accomplish the work. The EWG has developed a long-term work program to meet the objectives outlined by the Board when the EWG was formed. In addition, additional activities that are important to the implementation of the RES could be accomplished if a continuing source of core funding were available to sustain the program. A commitment to implement the long-term work program is intended to provide sufficient time to make a meaningful contribution to energy planning efforts in the region and recruit appropriate staff to help oversee the program.

Policy Discussion Topics

The Board of Directors is asked to discuss and address the following policy issues:

- Are the activities outlined in the Discussion section below the appropriate priorities for the Regional Energy Planning Program and the EWG? Are there other priorities that should be addressed?
- What level of funding commitment should SANDAG provide to help implement the Regional Energy Strategy and to fund the Regional Energy Planning Program? What level of commitment should be made by other energy stakeholders, such as San Diego Gas & Electric (SDG&E), the state, and other members of the EWG?
- How should SANDAG pay for the Regional Energy Planning Program? Should it:
 - Seek outside funding from energy stakeholders and state agencies? (What contingency measures are in place if these outside funding sources are not available?)
 - Increase member agency assessments to cover ongoing energy planning?
 - Use some of SANDAG's contingency reserve funds to cover ongoing energy planning?

Discussion

Current and Proposed Energy Planning Activities

The EWG has identified activities that would be carried out over the next several years that would include a partnership of SANDAG and San Diego Regional Energy Office (SDREO). This partnership would combine the policy forum of SANDAG with the technical expertise and implementation capabilities of SDREO. The identified activities would continue the regional energy planning activities currently being undertaken at SANDAG through the EWG. The following activities also could enhance the effectiveness of the program and would include:

1. Direct and effective outreach through SANDAG member agencies and their constituents on energy-related issues.
2. Consideration of energy issues related to the use of transportation fuels and transportation activities in development of regularly updated Regional Transportation Plans and how energy utility facilities (i.e. transmission lines) potentially could be integrated into regional transportation facilities.
3. Consideration of "border energy issues" as an important factor in regional energy supply and distribution. This includes binational energy issues with Mexico, and also interregional energy issues with our neighboring counties of Orange, Imperial, and Riverside as well as the 17 tribal nations in the San Diego region.
4. Creation of a "Sustainable Region" blueprint to enable local jurisdictions to maximize implementation of the state's loading order through implementation of energy efficiency measures, demand response capabilities, and distributed generation applications.
5. Update the Regional Energy Strategy to be fully integrated with SANDAG's Regional Comprehensive Plan, including its Integrated Regional Infrastructure Strategy, which links regional infrastructure planning and investments to regional land use and transportation plans.
6. Participation in legislative and regulatory processes and proceedings (at the California Public Utilities Commission and California Energy Commission) on projects and issues within the scope of interest of the partnership.

Are these activities appropriate priorities for the Regional Energy Planning Program and the EWG? Should some of these activities be eliminated or scaled back? Are there other priorities that should be addressed?

Funding Commitments

While SANDAG has been working for the past two years to implement the Regional Energy Strategy, the single issue that has prevented greater progress toward this effort is funding. In the FY 2005 and FY 2006 OWPs, annual funding for the Regional Energy Planning Program was approximately \$150,000 and \$250,000, respectively. Currently, about 20 percent of a Principal Planner position is being used to help oversee the energy planning program's efforts. SANDAG also has been utilizing staff support from the SDREO, but overall SANDAG is not adequately resourced

to manage the entire scope of the program as proposed above. To fully provide the staffing and other resources needed for the planning and implementation activities discussed above, it has been estimated that \$750,000 to \$900,000 per year would be needed (for both SANDAG and SDREO).

In the SANDAG Draft FY 2007 Budget and OWP, approximately \$340,000 is proposed to fund SANDAG's role in ongoing regional energy planning. The increased level of effort in FY 2007 would fund a full-time Senior Planner position to manage the day to day activities of the program and staff the EWG. In addition, the funds identified in the Draft FY 2007 OWP would fund the same level (20 percent) of a Principal Planner to oversee/provide guidance for the program, and would fund staff assistance from SDREO. Staff feels that this level of resources is needed annually on a continuing basis in order to fulfill the core activities of the EWG. The higher funding levels described above (\$750,000 to \$900,000) would enable staff to fully implement all the activities outlined above.

SANDAG's goal is to secure as much outside funding as possible to support the program, at no less than 50 percent of SANDAG's annual costs (approximately \$170,000 in FY 2007). Currently, SDG&E contributes \$100,000 annually to support some EWG activities, and this same funding level is assumed in the Draft FY 2007 Budget, leaving \$40,000 to be identified from other sources in FY 2007.

SANDAG will continue to seek ongoing funding from SDG&E and request funding from other EWG stakeholders to support the Regional Energy Planning Program. In addition, SANDAG will seek funding through the California Energy Commission (CEC) and California Public Utilities Commission (CPUC) to implement the activities outlined above. SANDAG intends to prepare a proposal to be submitted to the CEC and CPUC for funding the activities described above and would request a minimum five-year funding commitment from the state to conduct a regional energy planning pilot program. If the proposed pilot program proves to be effective in meeting state energy policies and goals, the program could be replicated in other regions of the state.

It should be noted that SANDAG staff has proposed continuing the Regional Energy Planning Program in the Draft FY 2007 Budget and OWP. While outside funding commitments described above are goals, the only guaranteed funding to support the program is that which is provided by SANDAG (currently about \$240,000 in the Draft FY 2007 Budget).

The Board of Directors should discuss the following issues related to funding the ongoing regional energy planning work:

- What level of funding commitment should SANDAG provide to help implement the RES and to fund the Regional Energy Planning Program? What level of commitment should be made by other energy stakeholders, including other members of the EWG?
- How should SANDAG pay for the Regional Energy Planning Program? Should it:
 - Seek outside funding from energy stakeholders and state agencies?
 - Increase member agency assessments to cover ongoing energy planning?
 - Use some of SANDAG's contingency reserve funds to cover ongoing energy planning?

- What are the contingency measures in the event no outside funding is available or if there isn't budget capacity to fund the increased level of resources proposed in the Draft FY 2007 Budget?

Next Steps

The next steps include final approval of the SANDAG FY 2007 Budget and OWP in May 2006. If funding for the Regional Energy Planning Program is approved in the final budget, SANDAG will recruit and hire a full-time Senior Regional Planner to staff the Regional Energy Planning Program. SANDAG also will seek at a minimum, the same level of funding that has been provided by SDG&E and seek a longer-term (multi-year) funding commitment. Finally, SANDAG will formalize a funding proposal to be submitted to the CPUC and CEC to solicit funding that may be available to implement the region's priorities that are consistent with state energy goals.

GARY L. GALLEGOS
Executive Director

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandag.org

Funds are budgeted in Work Element #3003000

April 14, 2006

My subject is Grantville Trolley station.

Congratulations. By deleting BUS ROUTE #40 and the #14 BUS STOP at GRANTVILLE Trolley station with the approval of the Comprehensive Operational Analysis on March 23, 2006, you have nearly reduced the BUS service at GRANTVILLE to a BUS STOP for BUS ROUTE #13 on its way to a TERMINAL at KAISER HOSPITAL.

I believe the approved route changes can be improved by restoring the #14 BUS STOP at GRANTVILLE Trolley station to the #14 BUS ROUTE map. The #14 BUS STOP is necessary in order to provide NO TRANSFER bus service for residents of ALLIED GARDENS, NAVAJO, and GRANTVILLE communities to the NEAREST trolley station to allow them timely access to and from EL CAJON and SANTEE via the GREEN LINE trolley, as well as to downtown destinations.

Buses have served this community on a 30 minute schedule for over 8 years. This provided 68 trips around KAISER HOSPITAL bus stops with a 17 hour schedule.

The approved #14 BUS ROUTE will provide this same service to the local communities and to the KAISER HOSPITAL BUS STOPS. The return of the #14 BUS STOP at GRANTVILLE to the map will allow access to the communities at the EAST END of the line, as noted above.

I believe the approved route changes for the #13 BUS ROUTE can be improved by making GRANTVILLE Trolley Station the NORTHERN TERMINAL for the #13 BUS ROUTE, with 15 minute service to the trolley and only 30 minute service to KAISER HOSPITAL BUS STOPS. With this modification, the number of trips on MISSION GORGE ROAD will only be increased to 136 per day, rather than the approved 204 trips per day, but the trips around the hospital will only be increased by 34 for a total of 102 trips per day which will keep the traffic congestion to a more reasonable level. Rest breaks would be at GRANTVILLE, the NORTHERN terminal, which would further reduce the congestion at KAISER HOSPITAL.

The needs of the residents should be the TOP PRIORITY and NO TRANSFER bus service to the BUS STOP at the nearest trolley station, GRANTVILLE, will increase the number of riders much better than 204 BUS TRIPS, and at a much lower cost.

Please start saving resources, and give us better service at the same time, by adding the #14 BUS STOP and terminating the #13 BUS ROUTE at the GRANTVILLE Trolley station.

Don Stillwell, 6308 Rancho Mission Road #173, San Diego, CA 92108 (619) 282-7760



Regional Energy Planning Program

April 14, 2006

EWG Responsibilities

- EWG began Meeting in March 2004
- It is, by SANDAG Board direction, responsible for:
 - Energy planning
 - Policy consensus building
 - Legislative/regulatory advocacy
 - Coordination with Mexico and adjoining counties (Riverside, Imperial, Orange)
 - Program Evaluation

2



Defining EWG Priorities

- Stakeholder Long Term Resource Plan
- Implement “loading order”
- Promote energy efficiency
- Public outreach/education

3



2005/06: Energy Saving Pilot Program

- Free technical/policy support to a City
- Assess energy needs
- Conduct public facilities audits
- Project development
- Rebate/financing programs

4



Carlsbad Pilot Results

- 32 energy saving measures
- Savings approx. \$200,000/yr.
- Three projects being implemented immediately that will net \$75,000 in incentive funds and save \$43,000/yr.



5



Energy Efficiency Pilot - Next Steps

- Address barriers to implementation
- Identify state resources for expanded program for all SANDAG members



6



Regulatory and Legislative Analysis

- SDG&E Program Advisory Group (PAG)
- Tracked legislation
- Developed language for SB 1539 and SB 1727 working with Senator Kehoe
- Provided input to CPUC proceedings

7



Long Term Energy Resource Plan

- What is it?
- Why is it important?
- Reviewed options for participation
- Acquired energy resource model
- Participated in State Integrated Energy Policy Report (IEPR)

8



Education and Outreach



- Forum to discuss regional energy issues
- Workshops on energy issues
- Meetings with CEC Commissioners
- Meetings with Executive Directors of CEC and CPUC
- Local agency presentations

9



Regional Energy Planning Program

April 14, 2006

10

SANDAG Energy Policy Background

- **Regional Energy Strategy
(June 2003)**
- **Regional Comprehensive Plan
(July 2004)**

11



Liaison vs. Project Development

- **The level of funding to support Regional Energy Planning Program will determine the level of effort provided for each of the following activities:**

12



Regional Energy Planning Activities

- Outreach/education
- Transportation fuels/infrastructure corridors
- Border energy issues
- "Sustainable Region" program
- Update to Regional Energy Strategy
- Legislative/regulatory proceedings

13



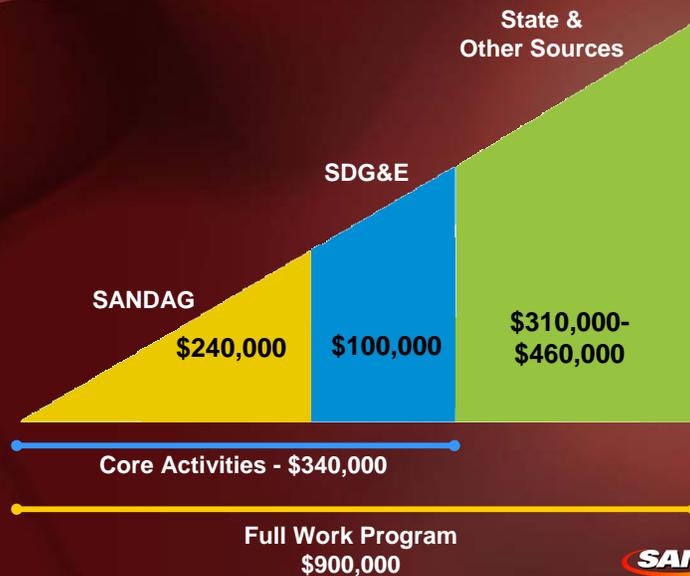
Policy Questions

- Are the activities outlined in the Board Report the appropriate priorities for the Regional Energy Planning Program and the EWG?
- Are there other priorities that should be addressed?

14



Regional Energy Planning Program Budget



15

Policy Questions

- What level of long-term funding commitment for core activities should be made by SANDAG?
- What level of long-term funding commitment for core activities should be made by other local energy stakeholders such as SDG&E, local business, and others?

16



Policy Questions

- How should SANDAG pay for its share of the Regional Energy Planning Program?
 - Continue to use SANDAG “general fund” (e.g., TDA planning funds)?
 - Increase member agency assessments?
 - If necessary, use some of SANDAG’s contingency reserve funds?

17



Regional Energy Planning Program

April 14, 2006

18