MEETING NOTICE
AND AGENDA

ENERGY WORKING GROUP
The Energy Working Group may take action on any item appearing on this agenda.

Thursday, November 20, 2008
11:30 a.m. to 1:00 p.m.
SANDAG, 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA 92101-4231

Staff Contact: Susan Freedman
(619) 699-7387
sfr@sandag.org

AGENDA HIGHLIGHTS

• REGIONAL ENERGY STRATEGY UPDATE: ENERGY CODE RECOMMENDATION
• SAN DIEGO REGIONAL ENERGY MARKETING STRATEGY
• REGIONAL CLIMATE ACTION PLAN STATUS REPORT

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<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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<tbody>
<tr>
<td>1.</td>
<td>WELCOME AND INTRODUCTIONS</td>
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<td>2.</td>
<td>APPROVE</td>
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<td>SUMMARY OF THE OCTOBER 23, 2008, ENERGY WORKING GROUP (EWG) MEETING</td>
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<td>The October 23, 2008, meeting summary is attached for the EWG review and approval.</td>
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<td>3.</td>
<td>COMMENT</td>
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<td>PUBLIC COMMENT</td>
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<td>Members of the public who would like to address the EWG on a topic not on the agenda should do so at this time. Speakers are limited to three minutes each.</td>
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<td>4.</td>
<td>RECOMMEND</td>
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<td>REGIONAL ENERGY STRATEGY (RES) UPDATE: ENERGY CODE RECOMMENDATION</td>
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<td>As follow-up to the October EWG meeting, the California Center for Sustainable Energy (CCSE) will present a recommendation for exceeding nonresidential Title 24 building standards for energy efficiency for inclusion in the RES Update. The EWG is asked to make a recommendation.</td>
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<td>5.</td>
<td>DISCUSSION</td>
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<td>REBUILD AMERICA ENERGY MARKETING STRATEGY PLAN</td>
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<td>CCSE will present a draft regional energy marketing strategy plan. The plan is a deliverable for the CEC Rebuild America grant. The plan will assess the availability of local energy products in the region and how to expand local products and resources.</td>
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<td>DISCUSSION</td>
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<td>REGIONAL CLIMATE ACTION PLAN STATUS REPORT</td>
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<td>Staff will present an update on the regional climate action plan activities. Transportation sector analysis will be updated to incorporate proposed AB 32 Scoping Plan and SB 375 targets and several next steps underway.</td>
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<td>NEW CALIFORNIA ENERGY LAWS</td>
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<td>The EWG will be presented an overview of AB 118, AB 811, and AB 2466 and their relevance to San Diego. Each of these bills could inform recommendations for energy planning at municipalities and the RES Update.</td>
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<td>8.</td>
<td>2009 EWG MEETING CALENDAR</td>
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<td>Attached is the 2009 EWG meeting calendar.</td>
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<td>9.</td>
<td>SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS</td>
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<td>EWG members are invited to suggest topics for the upcoming December 18, 2008, meeting. Combined heat and power (CHP) and distributed generation’s role in the RES Update will be one topic. Please note that the December EWG meeting will be held one week early due to national holidays.</td>
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<td>ADJOURN</td>
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+ next to an item indicates an attachment
SUMMARY OF OCTOBER 23, 2008, ENERGY WORKING GROUP MEETING

1. WELCOME AND INTRODUCTIONS
Carrie Downey, EWG Chair, invited members and guests to introduce themselves.

2. SUMMARY OF SEPTEMBER 25, 2008, MEETING
Ms. Downey announced that the EWG should elect a Vice Chair. Jennifer Green, California Center for Sustainable Energy (CCSE), motioned to nominate Scott Anders as EWG Vice Chair. Laura Hunter, Environmental Health Coalition, seconded the motion. The motion carried unanimously.

Ms. Downey asked if there were any corrections to the meeting summary. There were none. Upon a motion from Andrew McAllister (CCSE) and a second by Mr. Anders, the Working Group recommended the approval of the meeting minutes.

3. PUBLIC COMMENTS
Members of the public were given the opportunity to address the EWG on a topic not on the agenda.

Don Wood, Citizen Coordinate for Century 3, discussed a 1980 Public Utility Order to establish a universal tiered rate for all water customer classes. He noted that San Diego County has not conformed to this order in that non-residential classes are paying flat rates for their water usage. He requested a recommendation from the EWG be made to SANDAG for SANDAG’s involvement with local water agencies in the adoption of a universal tiered rate for all customer classes.

Ms. Hunter asked how the group handles such a request. Ms. Downey said that she will personally take action by including it in the Regional Energy Strategy update, and if working group action is needed to include energy water issues, it will appear as an item on the agenda. (Note: Water energy issues will be included in the Regional Energy Strategy update.)

4. OUTLINE FOR 2009 REGIONAL ENERGY STRATEGY (RES) UPDATE
Ms. Green introduced the RES Update outline to the working group. The RES Update will build on the expertise of the current RES and include new information as well. Ms. Green noted that the RES Update is a component of a larger regional energy plan developed by SANDAG to help municipalities pursue energy efficiency, renewable energy, and reduce climate change impacts.
The goal of the RES Update is to develop a long-term energy plan that:

- Integrates land use, transportation, water, and climate change impacts
- Addresses local implementation of the California’s Preferred Loading Order
- Identifies bi-national energy issues and solutions
- Identifies energy imperatives for the region and implementation plan
- Develops the RES Update in a way in which it can be modeled by other regional and local governments in California and beyond

RES Update is part of a larger plan that SANDAG is pursuing to assist municipalities in encouraging GHG emission reductions, energy efficiency, renewable energy, etc. RES Update will be used in concert with Sustainable Region Plan, the RCAP and GHG inventory authored by EPIC. Ms. Green then expanded on each issue area and how they would be fulfilled within the document. She stated that teamwork is imperative in creating the updated RES and making it a tangible, usable document. The EWG was asked to discuss the outline and provide feedback to staff.

Comments/Recommendations:
Ms. Downey reminded the group that any changes, corrections, or suggestions to the RES Update should be sent directly to Ms. Green (jgr@sandag.org) or Susan Freedman in conformance with the Brown Act. She stressed the importance of this committee to be involved in the RES Update.

Ms. Hunter asked when and where policy recommendations, actions, and incentives are getting worked out and whether there will be a subcommittee that will discuss this issue. Ms. Green responded that this will get resolved during the course of the RES Update development. There will be opportunities for input by EWG members throughout the process, perhaps through a subcommittee or working group or via e-mail or in EWG meetings. Ms. Downey said the establishment of such a subcommittee will be placed on a future EWG agenda to ensure subcommittees are formed.

Ms. Hunter also inquired if her comments regarding liquefied petroleum gas (LNG) will be reflected in what is being written about natural gas. Ms. Green verified that it would.

Mr. Wood, member of the public, said that he endorsed the idea of a subcommittee that would look at energy and water efficiency codes and standards that have been adopted by other cities. He commented that one of the biggest problems for small SANDAG member cities is that they do not have an energy staff that can do this kind of work. Mr. Wood recommended that SANDAG develop a best practices or model building standards and codes in its toolkit that local governments could simply adopt.

Ms. Downey said that Mr. Wood’s ideas would require the formation of unique subcommittees for drafting code language for local jurisdictions. She recommended for a future meeting that there be a specific working group for this instead of a subcommittee because it is a component of the Sustainable Region Program (SRP). She would also like to have a separate working group that deals with RES Update incentives and issues.
Ms. Hunter responded that the group must design a process so that the recommended local-regional action and incentive sections of the RES Update outline gets vetted with interested subgroups of the EWG or that the EWG have sufficient time to interface and comment on the draft. Like it was done before with the development of the current RES, there should be just one subcommittee responsible for recommendations for each of component of the RES Update.

Ms. Downey said the EWG will look into this and the only issue of concern is obtaining a quorum to not violate the Brown Act.

Mr. Wood commented that he would like to see a rate structure included under Section 7, Energy and Water, of the RES Update outline to specifically identify and include the EWG recommendations on universal tiered rates.

Donna Frye, City of San Diego, requested that staff recommendations be given to the group in advance to determine possible conflicts with EWG recommendations and provide an opportunity for discussion and response if there are differences in opinions to make this a more efficient process.

Ms. Downey said that recommendation phrasing is important since the EWG will not be making binding mandates.

Mr. Anders recommended that all meetings should react to a document that has already been drafted so the meetings are a starting point in the discussion. Ms. Hunter suggested that a work group should respond to a drafted staff recommendation to provide input.

Ms. Downey announced that she is hopeful that November’s EWG meeting will have the benefit of having more regional elected representation.

5. REBUILD AMERICA LEED CASE STUDIES

A. Presentation of LEED Case Studies

Ms. Green presented the group with three draft case studies that highlighted LEED-certified municipally-owned buildings that exceed Title 24 standards in the region of San Diego. This study was made possible by the Rebuild American Grant Program. The goal of this study is to provide easily replicable models for cities using LEED standards.

Gooden Ranch Center, Pacific Highlands Ranch Fire Station, Nobel Recreation Center, and North University Community Branch Library case studies provide examples of high energy savings measures and how much renewable installation contributes to CO₂ reduction. The EWG was asked to provide feedback on these case studies.

Comments/Recommendations:

Mike Evans, San Diego Regional Chamber of Commerce, inquired of the cost data relative to incremental cost for implementing energy efficiency/saving programs over non-energy-efficient buildings. He also stated that he would like to see an overall goal established of how the cost of LEED certification can be reduced over time.

Ms. Downey commented that there is a substantial cost associated with the construction of LEED certified buildings but, over time, this cost will even out due to energy saving cost reductions. She
asked if there are cost estimates for specific LEED actions so that cities can have a cost comparison for certain actions to comply with some if not all standards.

Ms. Hunter said it is unclear if the LEED standards are better than those already required by California. She would like to see firm lines on energy efficiency and renewables established in developing LEED templates.

Peter Livingston, County of San Diego, asked if there are LEED incentives or grants for being significantly better than Title 24.

Steve Wells, Regional Universities-UCSD, said that SDG&E usually provide grants through its Savings by Design Program, which was incorporated in all of the university’s construction. He also noted that UCSD requires Silver LEED certification for its larger buildings on campus. He noted that when looking at LEED, it is not just the energy piece that is important; the material, recycling, and site components are also significant. He encouraged cities to look into LEED for Commercial Interiors (LEED-CI) and LEED for Existing Buildings (LEED-EB) standards for tentative renovation of building improvements.

Ms. Downey commented that it is important to show the public what the cost options are for energy efficiency and savings.

Andrew McAllister, CCSE, noted that there is also a new standard, LEED for schools, which is relevant for this region as well. He would also like to broaden plan develop to look into building green, Energy Star, and the like that includes constituencies and residents in implementation, and is not limited to large institutions and government agencies like LEED.

Ms. Downey said that she is looking into whether it is cost-effective to have a staff member trained to be LEED certified. She commented that it might be a benefit to SANDAG if they could provide this for cities to meet LEED standards.

Mr. Wood encouraged all cities to look into SDG&E Energy by Design New Construction Projects to help cover the cost for LEED certification.

B. The EWG was asked to provide staff with guidance on existing non-residential energy-efficient building standards or principles that go above and beyond Title 24 and could be incorporated in the Sustainable Region Program deliverables.

Mr. McAllister noted that the Sustainable Energy Advisory Board has been developing a comparison of some of these tools for San Diego that might be relevant to SANDAG.

Mr. Anders said that significantly more important than new building construction is existing buildings that provide a huge opportunity to harvest savings and greenhouse gas reduction.

Ms. Downey commented that the adoption of these policies and codes to apply to new construction may be easy but it will be extremely difficult to apply to existing buildings because there is no political will to do so, thus it is important for the EWG to produce a proposal that will be endorsed by SANDAG and adopted by cities.
Mr. Anders said that RES provides an opportunity to raise this issue.

Ms. Hunter inquired if fact sheets, like the ones presented for the case studies, can be developed for existing building retrofits.

Mr. Wood noted historically that in 1980 the County of San Diego had staff develop a countywide ordinance that re-mandated weatherization at point-of-sale for buildings. He said that this ordinance did not get passed by one vote.

6. SUSTAINABLE REGION PROGRAM (SRP) FOR LOCAL GOVERNMENTS

A. SRP Toolkit

Ms. Green presented a draft of the SRP Toolkit, which was developed to assist other regional governments in developing an SRP to further their energy efficiency endeavors. The toolkit contains a series of documents to assist a municipality in implementing an energy management plan. Along with the toolkit there is a companion document, the Sustainable Region Action Plan, which has policy considerations.

Comments/Recommendations:

Ms. Downey inquired about what is the most effective way to disseminate this toolkit to cities.

Brendon Reed, City of Chula Vista, commented that renewable energy opportunities should be focused on more in the SRP.

Mr. McAllister reiterated a point made during the last meeting regarding municipal finance using the property tax base.

Ms. Downey commented that considering the parcel tax initiative, the EWG cannot recommend an increase in taxes.

Beth Jennings, Powerhouse Service, noted that the City of Palm Desert took $2.5 million from its General Fund to finance energy efficiency improvements; the money was allocated within six weeks.

Ms. Hunter recommended that a one-page case study, like that provided in the LEED study, be developed for Berkeley and Palm Desert to help in the decision-making process.

Mr. Livingston recommended that plumbing and other water use equipment in the facility be included when doing energy assessment. He also noted that it is valuable to bring SDG&E onboard.

B. Policy Component of the SRP

Risa Baron, SDG&E, informed the EWG on a pilot study that is currently in progress to develop an energy roadmap for cities. Initial work has been done with the City of Imperial Beach to analyze ways to integrate energy efficiency and GHG-reducing measures into municipal General Plans, codes, and standards. Elements of the plan included: (1) energy retrofit audits, (2) land use planning component, (3) clean transportation element, (4) education and outreach, and (5) code and standard reviews. This policy component will be included in the final toolkit. Ms. Baron mentioned that the Imperial Beach final report would go to the EWG after it has been vetted by the appropriate city staff. Using SDG&E in coordination with the leverage that SANDAG has in land use planning will enable cities to see all the incentives/rebates/educational programs available to cities.
at little or no cost. Ms. Baron also mentioned a best practices element to include codes and standards. SDG&E is working collaboratively.

With regard to the SANDAG/SDG&E partnership for the 2009-2011 EE funding cycle, SG&E will work with each of SANDAG’s member cities and will give priority to cities currently updating their General Plans.

Comments/Recommendations: None.

7. ENERGY ITEMS OF INTEREST
Ms. Downey announced that the League of Cities is doing a call-in for membership.

Ms. Hunter inquired if the annual meeting with Christine Kehoe will be held this year to discuss legislative ideas. Ms. Downey announced that it will be placed on the agenda for November.

8. SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS
The next EWG meeting is scheduled for November 20, 2008, from 11:30 a.m. to 1 p.m.

9. ADJORN
Ms. Downey adjourned the meeting.
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<th>GEOGRAPHICAL AREA/ORGANIZATION</th>
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<td>South County</td>
<td>City of Coronado</td>
<td>Carrie Downey, Chair</td>
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<td>Sharon Cooney</td>
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<td>San Diego Regional Chamber of Commerce</td>
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<td>Mike Evans</td>
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<td>Andrew McAllister</td>
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<td>Energy Policy Initiative Center</td>
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<td>San Diego State University (SDSU)</td>
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<td>Greg Newhouse</td>
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Other Attendees:
Alexandra Hart
Julie Gelfat
Beth Jennings, Powerhouse Service
Tamiko Kikuchi, Powerhouse Service
Don Wood
Linda Wagner, City of Chula Vista
J.W. Naish, San Diego Unified School District
Joe Bessler, Silverwood
Brendon Reed, City of Chula Vista
Risa Baron, SDGE
Melanie Garcia, SDSU
Paradis Reinstein, SDSU
Catherine Groves, CCSE
Sephra Ninow, CCSE
Jenny Lybeck, Port of San Diego
Megan Jones, County of San Diego
Steve Gay, San Diego City Schools
Jennifer Green, CCSE
REGIONAL ENERGY STRATEGY (RES) UPDATE:
ENERGY CODE RECOMMENDATION

File Number 3003000

Introduction

As part of its Rebuild America grant with the California Energy Commission (CEC), SANDAG is to provide a recommendation for new nonresidential construction to be built to exceed the Title 24 energy code. This recommendation will be included in the RES Update.

Recommendation

The EWG is asked to discuss the energy code document and provide a recommendation for nonresidential buildings to exceed current Title 24 energy code.

Background

The California Center for Sustainable Energy (CCSE) will present a proposed recommendation and backing documentation for inclusion in the RES Update. Existing RES Goals 3A and 3B “Encourage credits in the Title 24 Energy Code for zero emission on-site energy production.” This implementation strategy will be modified for the RES Update to include a recommendation for nonresidential buildings to exceed California’s Title 24 energy code, incorporating energy efficiency, renewable energy and green building codes and standards that exceed California’s minimum building standards.

The report will be emailed to EWG distribution lists early next week and copies will be available at the meeting.

The Rebuild America grant ends on December 31, 2008.

Key Staff Contact: Susan Freedman, (619) 699-7387, sfr@sandag.org
Introduction

As part of its Rebuild America grant with the California Energy Commission, SANDAG is to provide a regional energy marketing strategy plan. The plan is to provide information on available local energy efficiency products and resources. As part of its MOU with the California Center for Sustainable Energy (CCSE), SANDAG requested that CCSE prepare a draft plan for review by the EWG.

Background

The focus of the draft energy marketing strategy plan is on municipalities so that they can expand their use of available energy products in the region. It contains details on available local energy efficiency products and resources. It also identifies the rationale for making changes in energy procurement practices; e.g., societal benefits, peer pressure, economic and personal inconvenience (or convenience). Thirdly, it details successful efforts by municipalities throughout the country in marketing energy efficiency to their constituents. Finally, the document provides recommendations for potential actions for California municipalities.

The Rebuild America grant ends on December 31, 2008.

Key Staff Contact: Susan Freedman, (619) 699-7387, sfr@sandag.org
Regional Climate Action Plan Status Report

Staff will present an update on the Regional Climate Action Plan development. The transportation sector analysis presented to the EWG this summer will undergo an update to incorporate aspects of the Proposed AB 32 Scoping Plan and SB 375. The analysis includes quantifying measures that could reduce vehicle miles traveled (VMT) in the San Diego region.

Similar to the detailed Regional Energy Strategy outline distributed and discussed at the October EWG meeting, an enhanced climate action plan outline will be distributed for discussion.

Development of a Regional Climate Action Plan is a deliverable for the California Energy Commission planning contract. It also is a mitigation measure identified in the SANDAG Regional Transportation Plan adopted in 2007. A draft plan will be submitted to the CEC in May 2009.

Key Staff Contact: Susan Freedman, (619) 699-7387, sfr@sandag.org
CCSE, the Energy Policy Initiative Center (EPIC) and staff will present an overview of three California energy laws: Assembly Bill (AB) 118, AB 811, and AB 2466 and their relevance to San Diego. Each could serve a role in the RES Update.

**AB 118 Funding for Alternative Fuels**

This bill became law in 2007 and created the Alternative and Renewable Fuels, Vehicles, and Infrastructure Program at the CEC. Key Provisions included: (1) $120 million/yr for 7½ years, funding to begin March 2009; and (2) Co-funding the development and deployment of fuel production plants, fueling infrastructure, vehicles, engines, and other technology. AB 118 also created a separate funding program at CARB on enhanced fleet modernization and air quality improvements ($80 million/yr for 7½ years). Attached is a summary of the program and some regional opportunities provided by staff.

**AB 811 Public Financing Districts for Energy Improvements**

The chaptered AB 811 language and a bill summary were included in the October 23, 2008, EWG meeting agenda packet as part of Item 2. This was provided during public comment by Kurt Kammerer.

This bill authorizes a legislative body of any city to enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property. The bill requires the resolution of intention to include the kinds of distributed generation renewable energy sources or energy efficiency improvements that may be financed as well as a statement specifying that it is in the public interest to finance those distributed generation renewable energy sources or energy efficiency improvements.

**AB 2466 Government Renewable Energy Producers**

This bill authorizes a city, county (whether general law or chartered), special district, school district, political subdivision, or other local public agency, if authorized by law to generate electricity, to receive a bill of credit to a designated benefiting account for electricity exported to the electric grid by an eligible renewable generating facility. Additionally, the bill requires the CPUC to adopt a rate tariff for the benefiting account. Attached is a legislative analysis conducted by EPIC.

Key Staff Contact: Susan Freedman, (619) 699-7387, sfr@sandag.org

Attachments: 1. CEC’s AB 118 Funding Program Summary
               2. EPIC Legislative Summary: AB 2466
CEC’s AB 118 Funding Program Summary
Alternative and Renewable Fuels, Vehicles and Infrastructure Program

Key Provisions
1. $120 million/yr for 7½ years, funding to begin March 2009
2. Co-fund Development and Deployment of Fuel Production Plants, Fueling Infrastructure, Vehicles, Engines, and Other Technology
3. CARB to lead a separate AB 118 funding program on enhanced fleet modernization and air quality improvements ($80 million/yr for 7½ years)

Types of Eligible Projects for CEC AB 118 Funds include:
- RD&D for Alternative and Renewable Low Carbon Fuels & Engine Technologies
- Decrease Fuel’s Life-cycle Carbon Footprint and Increase Sustainability
- Fuel Infrastructure, Fueling Stations, and Equipment
- Improve Light-, Medium-, and Heavy-Duty Vehicle Technologies
- Retrofit Medium- and Heavy-Duty On-road and Non-road Vehicle Fleets
- Infrastructure Connected with Existing Fleets, Public Transit, & Transportation Corridors
- Workforce Training Programs, Education, Promotion, and Technology Centers

Program Components under Development at CEC
1. Regulations to Guide Funding Disbursements
2. Investment Plan (Identify Priorities and Co-funding Opportunities)
3. Strategic Alliances, Solicitations, and Funding Mechanisms

Regional Opportunities
California Energy Commission staff has been holding meetings across the state to help identify possible projects and programs that AB118 could serve. Several local governments, private businesses, SANDAG, APCD, CCSE, SDG&E, MTS, NCTD, the Airport Authority, and other regional stakeholders have been discussing funding opportunities under AB 118 with the CEC.

Several regional projects exist or have been identified that could be augmented by AB 118 funding. This funding could enable our region to incorporate or enhance alternative transportation vehicles and/or infrastructure. Examples at SANDAG include:
- Managed lanes on Interstates 15, 805, 5: transit stations, park and ride, fueling station potential, charging stations
- Bus rapid transit circulator routes, stations, infrastructure, vehicles
- Vanpools and other rideshare options
- Goods movement projects to reduce idling, petroleum reduction, GHG reductions

For more information on the program, visit the CEC Web site: http://www.energy.ca.gov/altfuels.
Legislative Summary: AB 2466
A Comparison of AB 2466 and AB 1969 Feed-in Tariffs

1. Summary of the Provisions in AB 2466

This bill, which was signed by the Governor on September 28, 2008, allows local governments to receive a credit for excess generation from a renewable energy generation system and to apply that credit against other accounts in the jurisdiction. The key provisions of this bill are described below.

1.1. Who is eligible?
Under AB 2466, local governments that are eligible to take advantage of the crediting procedure provided for in the law, include a city, county, whether general law or chartered, city and county, special district, school district, political subdivision, or other local public agency. The state of California, any agency or department of the state of California, or joint powers authorities are not eligible.

Further, to be eligible, a local government must satisfy all of the following criteria:

• The local government designates one or more benefiting accounts to receive a bill credit.
• A benefiting account receives service under a time-of-use rate schedule (such as AL-TOU).
• The benefiting account is the responsibility of, and serves property that is owned, operated, or on property controlled by the same local government that owns, operates, or controls the eligible renewable generating facility.
• The electrical output of the eligible renewable generating facility is metered for time of use to allow calculation of the bill credit based upon when the electricity is exported to the grid.
• All costs associated with the metering requirements of the bill are the responsibility of the local government.
• All costs associated with interconnection are the responsibility of the local government.
• The local government does not sell electricity exported to the electrical grid to a third party.

1.1. What renewable energy generation technologies are eligible?
To be eligible under AB 2466, a renewable generation facility must meet the following criteria:

• Have a generation capacity of no more than one megawatt (MW).
• Be owned, operated, or on property controlled by the local government entity.
• Be located within the boundaries of the governmental entity or on land owned or controlled by governmental entity, including leased land.
• Sized to offset all or a port of electrical load of the benefiting account.
• Be an eligible renewable energy resource pursuant to the California Renewables Portfolio Standard Program (Public Utilities Code Section 399.12).\(^1\)

\section*{1.2. How would credits be calculated and distributed to other accounts?}

Local governments with eligible renewable energy generation facilities that generate more electricity than can be used by the associated (or generating) account would elect a “benefiting account” or multiple benefiting accounts to which excess electricity would be credited. To receive credit, an account must be located within the geographical boundaries of the local government and be mutually agreed upon by the local government and the electrical utility.

\subsection*{1.2.1. Calculation of Credits}

A credit would be created when a renewable energy generation facility associated with an electrical account ("generating account") produced more electricity in a given billing cycle than was consumed by that account. The total amount consumed by the generating account would be handled by net energy metering. The credit under AB 2466 would be equal to the amount of excess electricity produced in a billing cycle multiplied by the \textit{commodity} rate of the applicable time-of-use tariff for the \textit{benefiting} account. The credit would not include the transmission, distribution, and ancillary charges components that together with the generation components comprise full retail rates. For illustrative purposes, the current time-of-use commodity prices for the AL-TOU tariff, which is used by many commercial entities (\textit{including} governments), are presented in the table below.\(^2\)

<table>
<thead>
<tr>
<th>Commodity Prices for AL-TOU Tariff ($/kWh)</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Peak</td>
<td>Semi-Peak</td>
<td>Off-Peak</td>
</tr>
<tr>
<td>0.108</td>
<td>0.088</td>
<td>0.066</td>
</tr>
<tr>
<td>0.106</td>
<td>0.098</td>
<td>0.073</td>
</tr>
</tbody>
</table>

The figure below presents a simple diagram of how the crediting procedure would work under AB 2466.


\(^2\) SDG&E Schedule EECC, Electric Energy Commodity Cost, Effective May 1, 2008.
1.2.2. Distribution of Credits

The credits would be subtracted from the benefiting account’s normal billing cycle commodity (or generation) costs. It is important to note that credits are calculated based on the commodity or generation portion of the applicable rate and applied to the commodity portion of the benefiting account. This is sometimes called “Gen to Gen,” short for “generation to generation”. If, during the billing cycle, the generation component of the electricity usage charges exceeds the bill credit, the benefiting account would be billed for the difference (local government pays). If, during the billing cycle, the bill credit applied exceeds the generation component of the electricity usage charges, the difference would be carried forward as a financial credit to the next billing cycle (local government receives credit). Credit cannot be carried forward more than 12 months; that is, at the end of a 12-month period, any remaining credit would be reset to zero and the local government would not receive any compensation.

1.3. How would a local government initiate or terminate this arrangement?

A local government must inform the electrical utility at least 60 days in advance that an eligible renewable generating facility will become operational. The electrical corporation must then file an advice letter with the CPUC not later than 30 days after receipt of the notice proposing a rate tariff for the benefiting account(s). The CPUC must approve or specify changes to the proposed tariff within 30 days of the date of filing.

To terminate its participation in this arrangement, a local government must inform the electrical utility a minimum of 60 days prior to the proposed termination date.

1.4. Who owns the renewable energy credits (REC) under AB 2466?

Similar to the way California handles renewable energy credits (REC) under net energy metering, the renewable energy generation system owner retains ownership of REC under the crediting arrangement provided for in AB 2466. Further, electricity that is exported to the electric utility does not count toward the local electric utility's renewable portfolio standard (RPS) requirements of providing 20% of retail sales by renewable sources by 2010.

1.5. What are the limitations on this crediting procedure?

AB 2466 contains a total statewide limit (250 MW) to the amount of renewable energy generators that can participate in the crediting arrangement. Investor-owned electrical utilities are obligated to offer bill credit under AB 2466 until the rated capacity of eligible generators in their territory reaches its proportionate share of the 250 MW statewide limit based on the ratio of its peak demand to the total statewide peak demand. Using an estimate from a recent CPUC resolution, this would put SDG&E’s service territory limit at about 20 MW.³

1.6. What are the pros and cons of AB 2466?

The table below summarizes the positive and negative attributes of AB 2466.

³ See CPUC Resolution E-4137, February 14, 2008.
Pros and Cons of AB 2466

Pros
Provides a mechanism to compensate local governments for excess renewable generation. Allows renewable generation owner to retain renewable energy credits (REC). Broadly defines renewable energy generation facilities. Allows renewable generation owner to participate in financial incentive programs. Allows renewable generation owner to participate in net energy metering.

Cons
Credit is calculated based on the commodity rate. Limited to time-of-use accounts. Limits renewable generation facility to 1 MW. Limit of 20 MW (total) in SDG&E service territory.

2. Summary of AB 1969 “Feed-in” Tariffs

In 2006, Assembly Bill (AB) 1969 (Yee) added Public Utilities Code (PU Code) Section 399.20, which authorizes tariffs and standard contracts for the purchase of eligible renewable generation from public water and wastewater facilities. To implement this law, the California Public Utilities Commission (CPUC) has taken the following actions:

- On July 26, 2007, the Commission adopted Decision (D.) 07-07-027 ordering each regulated electric utility to submit tariff provisions implementing PU Section 399.20.
- D.07-07-027 also authorized additional tariffs beyond those required for AB 1969 to facilities other than the public water and wastewater facilities in PG&E and SCE service territories.
- Resolution E-4137 approved the final tariffs and standard contracts and set the effective date of the tariffs as February 14, 2008.
- Decision 08-09-033, adopted on September 18, 2008, directs SDG&E to expand its feed-in tariff to all customers.
- On September 29th, SDG&E submitted for approval Advice Letter 2207-E, which provides details on the Customer Renewable Energy (CRE) tariff structure and eligibility. This advice letter has not been approved by the CPUC, but approval is expected.

AB 1969 feed-in tariffs allow the owner of a renewable energy generation system either to sell all electricity from an eligible facility directly to the electrical utility or to sell only the excess electricity above the needs of a specific account (building). The figure below presents these two options graphically and illustrates the difference between AB 1969 feed-in tariffs and AB 2466 credits.

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Go to http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/91159.pdf.
The following provides more details about the provisions of the current AB 1969 feed-in tariff offered by SDG&E.

### 2.1. Who is eligible?

With adoption of Decision 08-09-033, all customers except a Public Water Agency and Wastewater Agency are eligible to enter into standard contracts under the CRE rate schedule. Public Water and Wastewater Agencies are eligible customers under SDG&E’s Schedule WATER.

### 2.2. What renewable energy generation technologies are eligible?

A renewable energy generating facility is considered eligible if it meets the following criteria:

- Is a generating facility that receives distribution service from SDG&E.
- Has an effective capacity of not more than 1.5 MW.
- Is interconnected and operates in parallel with the utility’s electric transmission and distribution grid.
- Is strategically located and interconnected to the utility’s electric transmission system in a manner that optimizes the deliverability of electricity generated at the facility to load centers.
- Is an eligible renewable energy resource, as defined in Public Utilities Code Section 399.12.

### 2.3. What is the rate at which SDG&E will purchase eligible renewable energy?

The SDG&E CRE tariff allows eligible renewable energy generation owners to sell power directly to an investor-owned utility at a standard rate equal to the market price referent (MPR). This rate is administratively determined by the CPUC and is used, among other

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7 SB 380, enacted in 2008, codifies the expanded eligibility of AB 1969 tariffs.
things, to determine when funding from the supplemental energy fund can be applied to renewable energy contracts between generators and investor-owned utilities.\(^8\)

In this case, the MPR serves as the standard rate at which renewable energy generation owners would be compensated for their electricity. Time-of-delivery (TOD) factors are used to determine rates for different times of the year and day. A contract under the CRE feed-in tariffs would purchase electricity at a differential rate depending on the time of day and time of year that the electricity is delivered to the electric utility. The table below provides an example of the 2008 MPR rates with TOD factors applied for three different contract lengths for summer and winter.

### 2008 Market Price Referents (MPR) with Time-of-Delivery Factor Adjustments ($/kWh)*

<table>
<thead>
<tr>
<th></th>
<th>10 YEAR</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Baseload</td>
<td>On Peak</td>
<td>Semi Peak</td>
<td>Off Peak</td>
</tr>
<tr>
<td>Summer</td>
<td>0.093</td>
<td>0.152</td>
<td>0.096</td>
<td>0.082</td>
</tr>
<tr>
<td>Winter</td>
<td>0.093</td>
<td>0.110</td>
<td>0.100</td>
<td>0.074</td>
</tr>
<tr>
<td></td>
<td>15 YEAR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baseload</td>
<td>On Peak</td>
<td>Semi Peak</td>
<td>Off Peak</td>
</tr>
<tr>
<td>Summer</td>
<td>0.094</td>
<td>0.154</td>
<td>0.098</td>
<td>0.083</td>
</tr>
<tr>
<td>Winter</td>
<td>0.094</td>
<td>0.112</td>
<td>0.101</td>
<td>0.074</td>
</tr>
<tr>
<td></td>
<td>20 YEAR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baseload</td>
<td>On Peak</td>
<td>Semi Peak</td>
<td>Off Peak</td>
</tr>
<tr>
<td>Summer</td>
<td>0.096</td>
<td>0.157</td>
<td>0.100</td>
<td>0.085</td>
</tr>
<tr>
<td>Winter</td>
<td>0.096</td>
<td>0.114</td>
<td>0.103</td>
<td>0.076</td>
</tr>
</tbody>
</table>


Under this tariff a separate meter is required to determine the time of day and year that renewable energy was transferred to the electrical utility.

#### 2.4. Who owns the renewable energy credits (REC) in AB 1969 feed-in tariff transactions?

Unlike AB 2466 credits and net metering, under AB 1969 feed-in tariffs, ownership of all green attributes, including renewable energy credits, associated with the electricity purchased by the utility would transfer to the utility. Further, this electricity could count toward the utility's RPS obligation.

#### 2.5. What are the other limitations of AB 1969 Feed-in Tariffs?

Feed-in tariffs provided for in AB 1969 are only available to customers until the total statewide capacity of participating facilities equals 500 MW, or 40 MW in SDG&E service territory.\(^9\) After this limit is reached the electrical utility is not required to offer these feed-in tariffs.

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\(^8\) For more details on the market price referent, go to http://www.cpc.ca.gov/PUC/energy/electric/RenewableEnergy/faqs/04MarketPriceReferent.htm

\(^9\) SB 380, enacted in 2008, expands the total statewide capacity to 500 MW.
Also, unlike AB 2466 credits, customers participating in AB 1969 feed-in tariffs are not eligible to participate in any other SDG&E interruptible, Self Generation Incentive Program (SGIP), California Solar Initiative, net energy metering program, or other similar programs.

2.6. What are the pros and cons of the 1969 Feed-in Tariffs?

The table below summarizes the positive and negative attributes of the feed-in tariffs offered by SDG&E.

**Pros and Cons of AB 1969 Feed-in Tariffs**

**Pros**
- Provides a mechanism to compensate local governments for excess renewable generation.
- Provides a standard contract and price for selling renewable energy to the local utility.
- Broadly defines renewable energy generation facilities.

**Cons**
- Limits renewable generation facility to 1.5 MW.
- Limits total installed capacity to 40 MW in SDG&E service territory.
- Renewable generation owner not eligible to participate in financial incentive programs.
- Renewable generation owner not eligible to participate in net energy metering.
- Utility retains green attributes of all energy sold to them.

3. Summary Comparison of Options

The table below compares the key aspects of each option presented above. Note that this includes the current net energy metering option, which is not discussed in detail above.

<table>
<thead>
<tr>
<th>Comparison of Options for Renewable Energy Generation in San Diego County</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rate Offered</strong></td>
</tr>
<tr>
<td>System Limit</td>
</tr>
<tr>
<td>Overall Limit</td>
</tr>
<tr>
<td>REC Ownership</td>
</tr>
<tr>
<td>Eligible Customers</td>
</tr>
<tr>
<td>Eligible Technology</td>
</tr>
<tr>
<td>Eligible for Rebates</td>
</tr>
<tr>
<td>Eligible for Net Metering</td>
</tr>
</tbody>
</table>

1 10 MW for up to 3 biogas digesters.
2 Pursuant to Renewable Portfolio Standard.
3 Self-Generation Incentive Program, California Solar Initiative
2009 Energy Working Group Meeting Calendar

Energy Working Group (EWG) meetings are generally held at SANDAG on the fourth Thursday of each month from 11:30 a.m. to 1:00 p.m. The EWG is scheduled to meet on the following days in 2009:

- January 22
- February 26
- March 26
- April 23
- May 28
- June 25
- July 23
- August 27**
- September 24
- October 22
- November 19*
- December 17*

* meeting date is one week early due to national holidays
** August SANDAG meetings are typically cancelled

Key Staff Contact: Susan Freedman, (619) 699-7387, sfr@sandag.org