MEETING NOTICE AND AGENDA

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

Thursday, April 26, 2012
11:30 a.m. to 1 p.m.
SANDAG 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA  92101-4231

Staff Contact:  Allison King
(619) 699-1973
Allison.King@sandag.org

AGENDA HIGHLIGHTS
• RECOMMENDATION IN THE SAN DIEGO GAS & ELECTRIC GENERAL RATE CASE
• PROPERTY ASSESSED CLEAN ENERGY PROGRAMS

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To request this document or related reports in an alternative format, please call (619) 699-1900, (619) 699-1904 (TTY), or fax (619) 699-1905.
# ENERGY WORKING GROUP
Thursday, April 26, 2012

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>RECOMMENDATION</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>WELCOME AND INTRODUCTIONS</td>
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<tr>
<td>2.</td>
<td>APPROVAL OF MARCH 22, 2012, MEETING SUMMARY</td>
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<td></td>
<td>The Regional Energy Working Group (EWG) is asked to approve the March 22, 2012 meeting summary.</td>
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<td>3.</td>
<td>PUBLIC COMMENTS/MEMBER COMMENTS</td>
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<td></td>
<td>Members of the public shall have the opportunity to address the EWG on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the EWG coordinator prior to speaking. Public speakers should notify the EWG coordinator if they have a handout for distribution to working group members. Public speakers are limited to three minutes or less per person. EWG members also may provide information and announcements under this agenda item.</td>
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<tr>
<td>4.</td>
<td>CHAIR’S REPORT (4)</td>
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<td>5.</td>
<td>REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG REGIONAL ENERGY WORKING GROUP</td>
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<td>The EWG members appointed to represent the EWG outside of SANDAG will provide brief reports orally or in writing on external meetings and events attended on behalf of the working group since the last EWG meeting.</td>
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<td>6.</td>
<td>REPORTS (5 THROUGH 8)</td>
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<td>5.</td>
<td>RECOMMENDATION IN THE SAN DIEGO GAS &amp; ELECTRIC GENERAL RATE CASE</td>
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<td>The EWG is asked to recommend to the Regional Planning Committee (RPC) whether SANDAG should submit a letter to the California Public Utilities Commission, at a public participation hearing in June, related to the consistency of proposed rate changes for solar customers and the successful implementation of the Regional Energy Strategy and Climate Action Strategy. The EWG also is asked to recommend what a letter from SANDAG should include.</td>
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<td>6.</td>
<td>PROPERTY ASSESSED CLEAN ENERGY PROGRAMS</td>
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<td>At its March meeting, the EWG discussed Property Assessed Clean Energy (PACE) programs, options available to the region, and recommending that SANDAG send a letter in support of PACE to the County. The EWG is asked to determine if it recommends that the RPC recommend to the Board of Directors that SANDAG submit a letter in support of regional PACE program(s) to the County Board of Supervisors.</td>
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+7. STATE LEGISLATIVE STATUS REPORT

Energy-related bills introduced during the 2011-2012 legislative session are provided in the attachment. The deadline to introduce new legislation was February 24, 2012. This item is provided as information to the EWG.

8. SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS

Members of the EWG are invited to suggest topics for future meetings. The next EWG meeting will occur on Thursday, May 24, 2012, from 11:30 a.m. to 1 p.m. A status update on the San Onofre Nuclear Generating Facility and summer energy outlook is scheduled for May.

+next to an agenda item indicates an attachment
MARCH 22, 2012, MEETING SUMMARY

**ITEM #1: WELCOME AND INTRODUCTIONS**

Chair Carrie Downey, City of Coronado, and Vice Chair Scott Anders, University of San Diego Energy Policy Initiatives Center, were not present at the start of the Regional Energy Working Group (EWG) meeting. Susan Freedman, SANDAG, called the meeting to order at 11:41 a.m. and explained the process to vote a temporary chair for the meeting.

Pamela Bensoussan, City of Chula Vista, nominated Andrew McAllister, California Center for Sustainable Energy (CCSE), as the temporary chair for the meeting. Don Mosier, City of Del Mar, seconded the nomination and the nomination carried without opposition.

**ITEM #2: FEBRUARY 23, 2012 MEETING SUMMARY**

Mr. Mosier, motioned to approve the meeting summary from February 23, 2012, and Pete Hasapopoulos, Sierra Club, seconded the motion. The motion carried without opposition.

**ITEM #3: PUBLIC COMMENTS/MEMBER COMMENTS**

John Wotska, member of the public reviewed energy items in the national news including the costs that would be incurred if San Onofre Nuclear Generating Station failed; land being used for ethanol production forcing purchase of corn outside of the United States; the trans-Canadian oil pipeline; Chinese solar panels market; weather patterns where arctic oscillations are causing hot spots; regulation problems; and wind farms in Mexico.

Eddie Price, GRID Alternatives, introduced himself to the EWG. He noted that GRID Alternatives is a non-profit organization which provides free solar installation to communities of concern. Mr. Price invited the group to a Solarthon event which will be held in June in National City. Mr. McAllister commented that GRID Alternatives is a partner of the Single-family Affordable Solar Home program.

**ITEM #4: REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG REGIONAL ENERGY WORKING GROUP**

Mr. McAllister gave a brief summary of San Diego Gas and Electric (SDG&E) Solar Stakeholder Group meetings, hosted at CCSE. The focus of the meetings has been to agree on a scope of work for a solar cost-benefit study. Mr. McAllister noted that Vice Chair Anders was unanimously selected to serve as ombudsman between the participants on the Solar Stakeholder Group (including SDG&E) and the contractors bidding/selected through a Request for Proposals (RFP). In this role, Mr. Anders
is preparing the RFP and will oversee the process to select contractors to conduct the cost-benefit study. He is receiving input from the Solar Stakeholder Group throughout this undertaking.

**ITEM #5: PROPERTY ASSESSED CLEAN ENERGY PROGRAMS**

Allison King, SANDAG, presented an overview of Property Assessed Clean Energy (PACE) programs. She referenced the early action items of the Regional Energy Strategy related to PACE, provided background information on Assembly Bill 811 (AB 811) and PACE financing, and discussed the CaliforniaFIRST program.

Ms. Freedman reviewed a history of regional efforts in securing financing mechanisms for energy efficiency and renewable energy improvement projects. She then presented information on the PACE programs implemented in other cities and counties in California, and stated that local jurisdictions have become more engaged to implement commercial PACE programs with the intent to add the residential sector in the future.

Eric Engelman, City of San Diego Office of the Mayor, provided background information on the City’s energy efficiency and renewable energy retrofit financing programs. In December 2011, the City began offering a residential non-PACE loan for energy efficiency improvements, using a loss-reserve, partial-risk sharing model with a local credit union.

In the commercial sector, the City of San Diego is exploring ways to implement a PACE program. For the City, the ideal program is one that is open-market, open-ended, offers multiple products, and is standardized to be used throughout the state. Mr. Engelman noted the necessity of all PACE program providers to coordinate with all participants in the process including property owners, contractors, and jurisdictions.

Simon Bryce, Renewable Funding, provided an update on CaliforniaFIRST and stated that an open market approach is being used where property owners can choose their contractors and lenders. Currently Renewable Funding is undergoing the validation phase with CaliforniaFIRST, educating the public, talking to property owners, and engaging mortgage lenders and contractors.

Mr. McAllister noted that linking service providers, contractors, and rebate and finance educational programs will be critical in order to make programs a seamless process for property owners. He invited other PACE program providers in the audience to give brief comments on their programs.

Joe Flores, FIGTree, stated that his company manages PACE programs by helping to originate and work throughout the process with contractors, property owners, and lenders. FIGTree has conducted multi-jurisdictional PACE programs and has the ability to aggregate bond funds from several smaller cities into one large project. FIGTree offers funding for both energy efficiency and solar retrofits and provides property owners options in order to select the terms, lenders, and contractors that work best.

Mike Lemyre, Ygrene, stated that Ygrene is not looking for exclusive arrangements as was made with Sacramento. In general, PACE program providers offer one of three models: owner arranged, bond funded, and fully funded. Ygrene stated it uses the fully funded model as it was successfully implemented in Sonoma County with a transparent and manageable program.

Chris Soderquist, Octus Energy, suggested that local jurisdictions look objectively at successful PACE programs such as the model used in Sonoma County. He commented that in order to make a
program successful, PACE providers must have guaranteed available capital from day one, engage local organizations, and use what has worked in other regions.

JP McNeill, Renovate America, stated that his company is based locally in Rancho Bernardo, allows property owners to get instant credit decisions, and has new contractors signing up weekly as part of the program. Renovate America has partnered with Western Riverside Council of Governments, made up of 17 cities, to offer a $2.5 million residential PACE program. He stated that Renovate America concurs that PACE programs should be open. Additionally, Renovate America has several hundred millions of dollars of capital to employ for residential programs, with Samas Capital providing funding for small commercial programs and Structured Finance providing funding for large commercial.

Mr. McAllister invited Devon Muto, County of San Diego, to comment on the County’s PACE activities. Mr. Muto commented that the County opted into CaliforniaFIRST initially so that local jurisdictions’ in San Diego County would be able to opt in to CaliforniaFIRST to offer PACE program to local property owners. He continued to state that the County was eager to get PACE programs started, will continue monitoring regional efforts, and is supportive of broadening the market for PACE programs.

Other comments, questions, and discussion were as follows:

- Don Christiansen, member of the public, noted that work on implementing PACE programs in North County was delayed due to issues at the federal level. He stated he is pleased to hear the region is moving forward and noted his desire for an open and level playing field for PACE programs.

- Crystal Crawford, member of the public, thanked the EWG for placing PACE on the agenda and commented that the City of Del Mar opted-in to CaliforniaFIRST in 2010 as it was consistent with the RES to promote retrofits and access to financing. She suggested that a fully-funded model should be used and a new district be formed by the County to allow cities to opt-in. She explained that this would allow the use of single validation by cities to have access to programs where funding is readily available and meet goals for reducing greenhouse gas emissions. Ms. Crawford requested the EWG recommend to the Regional Planning Committee (RPC) to elevate the discussion of PACE programs.

  - Ms. Freedman explained that if the EWG was interested in making a recommendation, it would be added to the April EWG agenda. Mr. McAllister added that while the EWG could potentially make a recommendation, it would be advisory since the County and City of San Diego have their own discretionary decisions to make on this issue.

- Ms. Bensoussan stated she is in favor of placing PACE programs on the April agenda for a potential recommendation. She requested clarification on why the federal government suspended PACE programs. Mr. McAllister explained that much of what the Federal Housing Finance Agency issues with PACE programs were regarding residential properties. In Sonoma and western Riverside, residential PACE programs have been implemented with requirements for property owners to pay the lien on property assessments upon sale of their properties.

- Mr. Mosier agreed that the EWG should add a PACE programs discussion and recommendation to endorse the County and City of San Diego’s PACE programs onto next month’s agenda. Moreover, he added that there should be strong, unanimous support of
these programs which should then be communicated to the SANDAG Board as these programs help meet RES goals and allow smaller cities to join PACE programs.

- Mr. Hasapopoulos concurred that the EWG should be immersed in this issue and move forward to place on the April EWG agenda.

- In response to Mr. Hasapopoulos' question regarding renewable energy financing through PACE, Mr. McAllister explained that solar photovoltaic systems factor into this issue depending on the cost effectiveness of projects being funded. Some programs have minimum requirements in order to be considered cost-effective. Additionally federal funds from ARRA generally have conditions attached which favor energy efficiency measures versus the property owner being able to choose which projects to implement.

- Mr. Engelman commented that the City of San Diego’s non-PACE loan program includes energy efficiency projects, but the PACE programs currently in development will include renewable energy and water conservation projects.

- Claudia Valenzuela, SDG&E, stated that SDG&E would like to see programs that implement energy efficiency measures before installation of solar systems.

- Mike Evans, San Diego Regional Chamber of Commerce, noted he is supportive of adding an agenda item to discuss and make a recommendation to the RPC on PACE programs. He added that the San Diego Regional Chamber of Commerce Energy and Water Policy Committee is sending a public resolution requesting that the County develop a County-wide, open model PACE program.

There was additional discussion on the flexibility of state and federal programs, urging implementation of energy efficiency first, ability to tailor CaliforniaFIRST programs to fit local jurisdictions’ needs, usefulness of standardized software, and legal issues related to notification, approval, and consent.

ITEM #6: SANDAG INVOLVEMENT IN THE REVISED SDG&E GENERAL RATE CASE APPLICATION

Ms. Freedman provided an update on SANDAG involvement in the revised SDG&E General Rate Case Phase 2 (GRC-2) application. The RPC provided direction to the EWG on next steps.

In the near-term, RPC directed the EWG to review the revised GRC-2 with the RES goals in mind and then determine whether SANDAG should submit a letter in this proceeding. For the long-term, the RPC directed EWG to continue monitoring these discussions and determine if there are other statewide proceedings beyond the GRC-2 that would be appropriate for SANDAG involvement.

EWG Chair Downey represents SANDAG at the SDG&E Solar Stakeholder group meetings and their solar cost-benefit study is in progress. In order to have a letter ready for the California Public Utilities Commission (CPUC) public participation hearings in late June 2012, the EWG would need to make a decision whether or not to draft a letter at the April EWG meeting. The RPC and Board of Directors would then review the draft letter at their May meetings. The final CPUC decision on the SDG&E GRC-2 is scheduled for December 2012.

Kayla Race, Environmental Health Coalition, requested clarification on if the network use charge was removed for residential sector but not for commercial sector in the GRC-2 revised application. Mr. McAllister explained that the network use charge was removed, but there are other rate changes within GRC-2 which will impact non-residential solar sectors.
Tara Kelly, San Diego Solar Coalition, stated that her organization is pleased that the EWG is staying active in the GRC-2. She commented that while the network use charge was thrown out of case, the proposal for restructuring rates will still affect the commercial sector during a time where budgets are reduced at schools and local jurisdictions. The San Diego Solar Coalition is concerned that the GRC-2 will still have a negative impact to the solar sector that will cost jobs. Ms. Kelly noted that San Diego solar companies have already encountered reduced business due to residential and commercial customers not following through with contracted solar installations. The San Diego Solar Coalition is requesting that the EWG makes a recommendation to protect the investments in solar that have been made in this region.

Ms. Valenzuela stated that SDG&E is requesting that the EWG take a step back from this process as impacts are still being researched with several parties at the solar stakeholder working group meetings. Mr. McAllister agreed that the solar stakeholder working group process is still occurring, but there are structural issues the EWG needs to work within.

The discussion continued with Mr. McAllister, Ms. Bensoussan, and Michelle White, Unified Port of San Diego, all expressing their support for a generic letter focusing on the GRC-2 impacts within the goals of the adopted RES.

Ms. Bensoussan noted that this is a short timeline for the EWG to be able to participate in this process and therefore should continue to monitor and discuss at future meetings. Furthermore, the City of Chula Vista drafted a general statement which addresses the issue that commercial solar customers could potentially be negatively impacted. The City of Chula Vista plans on drafting additional recommendations in April 2012. Mr. Hasapopoulos and Ms. Race commented that they agreed with Ms. Bensoussan’s recommendation.

Mr. Evans stated that he would like the EWG to continue to get information on this issue and acknowledged the direction received from RPC that this is part of a larger statewide issue that may become a legislative discussion. Additionally, policies were implemented previously to help encourage solar adoption, but solar costs have declined and the GRC-2 should grandfather rates to address current solar customers’ concerns.

Mr. Mosier added that grandfathering would be important to address as cities and school districts who have already invested in large solar projects should not be held to these proposed rate changes. He also agreed that the CPUC is not the right forum for these issues, but rather this is a larger statewide, legislative matter.

**ITEM #7: SANDAG LEGISLATIVE PRIORITIES RELATED TO ENERGY**

Ms. Freedman requested EWG members review SANDAG legislative priorities in the agenda.

**ITEM #8: ADJOURNMENT AND SCHEDULING AGENDA ITEMS FOR FUTURE MEETINGS**

The next scheduled meeting is for April 26, 2012, from 11:30 a.m. to 1 p.m.

The meeting was adjourned at 1:05 p.m.
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<th>NAME</th>
<th>MEMBER / ALTERNATE</th>
<th>ATTENDING</th>
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<tr>
<td>South County Subregion</td>
<td>City of Coronado</td>
<td>Hon. Carrie Downey, Chair</td>
<td>Member</td>
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<td>City of Chula Vista</td>
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<td>City of Del Mar</td>
<td>Hon. Don Mosier</td>
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<td>City of Solana Beach</td>
<td>Hon. Lesa Heebner</td>
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<td>Hon. David Alvarez</td>
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<td>Peter Livingston</td>
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<td>Sharon Cooney</td>
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<td>Other Public Agencies</td>
<td>San Diego County Regional Airport Authority</td>
<td>Paul Manasjan</td>
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<td>Unified Port of San Diego</td>
<td>Michelle White</td>
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<td>Universities</td>
<td>San Diego State University</td>
<td>Dr. Heather Honea</td>
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<td>Energy Utility</td>
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<td>Matt Burkhart</td>
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<td>Andrew McAllister</td>
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<td>Greg Newhouse</td>
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<td></td>
<td>University of San Diego School of Law</td>
<td>Nilmini Silva-Send</td>
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<td>Nicole Capretz</td>
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<td></td>
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<td>Kayla Race</td>
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<td>Sierra Club</td>
<td>Bill Powers</td>
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<td>Pete Hasapopoulos</td>
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<td>Business</td>
<td>San Diego Regional Chamber of Commerce</td>
<td>Mike Evans</td>
<td>Member</td>
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<td>Mike Nagy</td>
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<td>Carmen Sandoval</td>
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<td>Economic Development</td>
<td>North County Economic Development Council</td>
<td>David Lloyd</td>
<td>Member</td>
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<td>South County Economic Development Council</td>
<td>Pamela Bensoussan</td>
<td>Alternate</td>
<td>YES</td>
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</table>
OTHER ATTENDEES:
Josh Brock, SDG&E
Simon Bryce, Renewable Funding
Don Christiansen, Christiansen Consulting
Jack Clark, CCSE
Crystal Crawford
Gretchen Crowson, City of Del Mar
Eric Engelman, City of San Diego
Joe Flores, FIGTree
Michael Gervais
Mike Grim, City of Carlsbad
Peter Hamilton, CCSE
Jeremy Hutman, CCSE
Kurt Kammerer, KJKA
Tara Kelly, San Diego Solar Coalition
Mo Lahsaie, City of Oceanside
Mike Lemyre, Ygrene Energy Fund
Pauline Ma, Clean Tech SD
JP McNeill, Renovate America
John Mendez
Coleen Moth
HC Jay Powell
Eddie Price, GRID Alternatives
Chris Soderquist, Octus Energy
Rick Valles Key, Total Solar Energy
Fong When
Katie Wilson, Willdan
Kathy Winn, City of Escondido
John Wotska
Susan Freedman, SANDAG
Allison King, SANDAG
Katie Levy, SANDAG
Rob Rundle, SANDAG
San Diego Association of Governments
REGIONAL ENERGY WORKING GROUP

April 26, 2012

AGENDA ITEM NO.: 5

Action Requested: RECOMMEND

RECOMMENDATION IN THE SAN DIEGO GAS & ELECTRIC
GENERAL RATE CASE

File Number 3200300

Introduction

The Regional Energy Working Group (EWG) has been discussing aspects of the original and revised San Diego Gas & Electric (SDG&E) Application (A.) 11-10-002, for Phase 2 of its General Rate Case (GRC-2) since December 2011. At its March 22, 2012, meeting EWG members provided input and direction as to addressing regional solar energy goals within the GRC-2, as well as in future statewide proceedings. With the understanding that relevant statewide proceedings will be brought to the EWG for discussion and possible action, the EWG today is asked to determine what action, if any, it would recommend that SANDAG take related to SDG&E’s GRC-2 and meeting regional solar energy goals.

Recommendation

The EWG is asked to recommend to the Regional Planning Committee (RPC) whether SANDAG should submit a letter to the California Public Utilities Commission (CPUC) at a public participation hearing in June, related to the consistency of proposed rate changes for solar customers and the successful implementation of the Regional Energy Strategy. The EWG also is asked to recommend what a letter from SANDAG should include.

Background

SANDAG updated its Regional Energy Strategy (RES) in December 2009. The RES serves as the energy policy blueprint for the region. The RES includes a goal for customer solar photovoltaics (PV) of 844 megawatts (MW) by 2030, an aggressive but achievable increase from 49 MW in 2008. As of March 2012, customer solar PV equaled approximately 125 MW. RES policy measures to reduce peak electricity demand included support for fair and reasonable rate designs and incentives that encouraged customers to reduce electricity consumption during peak demand periods.

In March 2010, SANDAG adopted a first-of-its-kind Climate Action Strategy to serve as a guide for SANDAG on climate change policy. The strategy identified a range of potential policy measures (i.e., tools in the toolbox) for consideration as SANDAG updates long-term planning documents like the Regional Transportation Plan and Regional Comprehensive Plan, and as local jurisdictions update their General Plans and other community plans. One of the three areas of focus was for governments to lead by example. A leading method promoted has been for “local Governments to use cleaner energy supplies and reduce energy use.”
At its February 10, 2012, meeting the RPC held a robust discussion on SANDAG’s potential involvement in the GRC-2, and in statewide policy discussions that could assist the region in meeting its energy goals. The RPC made the following points:

- Dependent on the proposed rate changes in the revised GRC-2, there could be merit to SANDAG submitting a letter to the CPUC during the public participation hearings, as to the impacts to meeting regional energy goals.
- The EWG should review the revised GRC-2 when it becomes available and determine whether SANDAG should submit a letter in this proceeding and/or address solar subsidies and reaching regional energy goals when the issue is addressed in a statewide proceeding(s).

**Discussion**

In the Assigned Commissioner’s Scoping Memo and Ruling (Scoping Ruling) released on January 18, 2012, the CPUC stated that the issues of grid impacts, costs, and benefits from solar customers did not belong in an individual utility rate case because they are statewide issues. The Scoping Ruling also stated that the CPUC may open a statewide proceeding on the subject. At previous EWG meetings, SDG&E similarly stated that network use and grid impacts from solar customers may be addressed through legislation or other state proceedings.

On February 17, 2012, SDG&E filed its revised GRC-2 without inclusion of a Network Use Charge, which was to charge solar customers for importing electricity onto the grid. Based on staff review of the revised GRC-2, the revised application removes the significant rate increases for residential solar customers. Regarding commercial and industrial customers (including public agencies), the revised GRC-2 continues to negatively impact solar customers on SDG&E’s Distributed Generation-Renewable (DG-R) rate. The cost impacts are less severe than originally proposed, but DG-R customers could experience less cost-savings from their demand charge and increased costs for the energy they import from the grid.

As of the writing of this staff report, local jurisdictions, schools and water agencies are still receiving rate impact materials from SDG&E specific to the sites they own and operate. Once these public agencies are able to review and evaluate their bill impacts, the significance of DG-R rate changes will be better known. For example, the Cities of Chula Vista and San Diego are receiving these materials in mid-April 2012. As local agencies share information with SANDAG on increased costs they will face for having installed solar energy systems, consistent with RES and Climate Action Strategy policy measures, the proposed letter from SANDAG could be made more specific prior to the scheduled public participation hearings in June 2012.

The EWG has heard presentations from SDG&E and the solar industry to understand the implications of both the originally proposed Network Use Charge, and the alterations of the DG-R rate. SANDAG’s RES seeks an expansion of solar and distributed generation (DG) beyond the current levels, and there are concerns about the effect the proposed rate changes would have on the regional goals. Under the existing rate structure, SDG&E has explained its concern about the costs to the system from solar and DG customers that are born by all SDG&E customers. SANDAG representatives from the EWG have been participating in the SDG&E’s Solar Stakeholder Collaboration meetings to collectively discuss solar energy costs and benefits. Until such time as SDG&E has established that the addition of greater amounts of solar or DG have added unrecoverable costs to the SDG&E system that are or will be imposed on non-solar and non-DG customers, staff recommends that the EWG consider the
recommendations identified in the Draft Letter (Attachment 1) for consideration by the CPUC during the public participation hearings in June.

Next Steps

Chair Downey and staff will continue to participate in SDG&E’s Solar Stakeholder Collaboration meetings and update the EWG on the group’s progress. The stakeholder group has made progress in developing a request for proposals to solicit a cost-benefit study. EWG Vice Chair Scott Anders, Director of the Energy Policy Initiatives Center, University of San Diego School of Law, was unanimously made ombudsman by the Solar Stakeholder Group (including SDG&E) to oversee the study.

The RPC and Board of Directors are scheduled to address SANDAG involvement in the GRC-2 at their May 4 and May 25 meetings, respectively. Public participation hearings are scheduled by the CPUC in San Diego County for June 26-June 28, 2012.

GRC-2 Timeline

On April 11, 2012, the CPUC provided the following revised timeline for the GRC-2 proceeding:

<table>
<thead>
<tr>
<th>ACTION</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division Ratepayer Advocates Testimony</td>
<td>May 18, 2012</td>
</tr>
<tr>
<td>Intervenor Testimony</td>
<td>June 12, 2012</td>
</tr>
</tbody>
</table>

Public Participation Hearings
- Chula Vista City Hall
  Council Chambers
  2764th Avenue, Chula Vista, CA 91910
  June 26, 2012 at 2:00 p.m. and 6:00 p.m.
- Al Bahr Shriners Center
  5440 Kearny Mesa Road
  San Diego, CA 92111
  June 27, 2012 at 2:00 p.m. and 6:00 p.m.
- California Center for the Arts
  Escondido Conference Center
  340 North Escondido Boulevard
  Escondido, CA 92025
  June 28, 2012 at 2:00 p.m. and 6:00 p.m.

Concurrent Rebuttal Testimony          July 10, 2012
Mandatory Settlement Conference        July 16, 2012 (week of)
Evidentiary Hearings                   July 23 – August 3, 2012
Opening Briefs                         August 24, 2012
Reply Briefs                           September 14, 2012
Proposed Decision                      November 2012
Final Decision                         December 2012


Key Staff Contact: Susan Freedman, (619) 699-7387, Susan.Freedman@sandag.org
DRAFT Letter from SANDAG on Solar Energy Goal Impacts of the GRC-2

June 27, 2012

Commissioner Mark J. Ferron
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Proceeding (A.)11-10-002

SUBJECT: Comments from the San Diego Association of Governments related to the Regional Solar Impacts of the SDG&E (A.) 11-10-002

Dear Commissioner Ferron:

The San Diego Association of Governments (SANDAG) respectfully submits these comments to the California Public Utilities Commission (Commission) on the San Diego Gas & Electric (SDG&E) Application (A.) 11-10-002 for Phase 2 of its General Rate Case (GRC-2), filed October 3, 2011. SANDAG has concerns that changes proposed by SDG&E to its Distributed Generation-Renewable (DG-R) rate may hinder our region’s ability to meet the solar energy goals adopted in SANDAG’s Regional Energy Strategy (RES), and penalize public agencies that followed recommendations in SANDAG’s Climate Action Strategy to “lead by example” by installing solar energy systems in an effort to use cleaner energy supplies. The DG-R rate is used by commercial and industrial (C&I) customers, including public agencies, that opt to install solar energy systems and other clean distributed generation systems.

SANDAG is the Metropolitan Planning Organization and Council of Governments for the San Diego region. The 18 cities and county government are SANDAG. The public agency serves as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources, plans, and engineers; builds public transportation, and provides information on a broad range of topics pertinent to the region's quality of life. Through adoption of its 2050 Regional Transportation Plan (2050 RTP) and Sustainable Communities Strategy, SANDAG is working toward reducing greenhouse gas (GHG) emissions through land use and transportation planning by achieving per-capita GHG reduction targets set by the California Air Resources Board.

SANDAG has a long history of addressing energy policy for the San Diego region. With adoption of its RES in 1994, the implementation measure called for the establishment of a regional, independent, non-profit organization, which became the California Center for Sustainable Energy. With adoption of the RES in 2003, SANDAG established a Regional Energy Working Group (EWG) to serve as a forum to oversee implementation of the RES and build consensus on regional energy issues. In December 2009, SANDAG adopted the current RES, which serves as the energy policy blueprint for the region. The RES includes a goal for customer solar photovoltaics (PV) of 844 megawatts (MW) by 2030, an aggressive but achievable increase from 49 MW in 2008. As of March 2012, customer solar PV equaled approximately 125 MW. RES policy measures to reduce peak electricity demand included
support for fair and reasonable rate designs and incentives that encouraged customers to reduce electricity consumption during peak demand periods.

In March 2010, SANDAG adopted a first-of-its-kind Climate Action Strategy to serve as a guide for SANDAG on climate change policy. The strategy identified a range of potential policy measures (i.e., tools in the toolbox) for consideration as SANDAG updates long-term planning documents like the 2050 RTP and Regional Comprehensive Plan, and as local jurisdictions update their General Plans and other community plans. One of the three areas of focus was for governments to lead by example. A leading method promoted has been for “local governments to use cleaner energy supplies and reduce energy use.”

The EWG has heard presentations from SDG&E and the solar industry to understand the implications of both the originally proposed Network Use Charge, and the alterations of the DG-R rate. SANDAG’s RES seeks an expansion of solar and distributed generation (DG) beyond the current levels, and we are concerned about the effect the proposed rate changes would have on the regional goals. Under the existing rate structure, SDG&E has explained its concern about the costs to the system from solar and DG customers that are born by all SDG&E customers. SANDAG representatives from the EWG have been participating in SDG&E’s Solar Stakeholder Collaboration meetings to collectively discuss solar energy costs and benefits. Until such time as SDG&E has established that the addition of greater amounts of solar or DG have added unrecoverable costs to the SDG&E system that are or will be imposed on non-solar and non-DG customers, SANDAG provides the following recommendations for the Commission’s consideration to keep the San Diego region on track to meet our RES and Climate Action Strategy goals:

- Do not allow significant alteration to the DG-R rate that was established specifically to encourage adoption of solar energy systems
- Similar to your ruling on the Network Use Charge as being a larger issue than that of one utility, the Commission should have SDG&E maintain its treatment of C&I solar customers in this rate case, and use a statewide proceeding to determine the use and types of incentives to encourage cleaner energy supplies to meet state energy and climate goals
- If the Commission approves proposed changes to the DG-R rate that will have significant fiscal impacts for existing C&I solar users; including local school districts, water agencies, and local governments; SANDAG would recommend that existing customers on the DG-R rate be exempted from the rate change. The exemption would mitigate financial hardship faced by businesses and agencies that made the decision to install solar energy systems based on a long-term business case that will have been significantly altered mid-course

SANDAG plans to continue participating in SDG&E’s Solar Stakeholder Collaboration meetings to collectively discuss solar energy costs and benefits, and we plan to engage in statewide discussions on this topic as they develop. We appreciate the opportunity to voice our concerns with this application through a public participation hearing. If you would like to discuss any of our points further, please contact me or Susan Freedman, staff, at (619) 699-7387 or Susan.Freedman@sandag.org.
Sincerely,

Jerome Stocks
Chair, SANDAG Board of Directors
Mayor, City of Encinitas

cc: Stephen C. Roscow, Administrative Law Judge, CPUC
    Amy Yip-Kikugawa, Administrative Law Judge, CPUC
    Jessie J. Knight, Jr. Chairman and Chief Executive Officer, SDG&E
    Michael R Niggli, President and Chief Operating Officer, SDG&E
    Matt Burkhart, Vice President, Electric and Fuel Procurement, SDG&E
PROPERTY ASSESSED CLEAN ENERGY PROGRAMS

Introduction

In 2008, Assembly Bill 811 authorized cities and counties in California to administer property assessed clean energy (PACE) programs. PACE programs work by allowing property owners to finance renewable energy, energy efficiency, or water conservation projects through loans that are repaid as an item on the property owner’s tax bill. Several PACE programs are operating across the state following a variety of business models. Locally, member agencies are exploring opportunities to launch PACE financing in the San Diego region.

Since the County of San Diego adopted its resolution to join CaliforniaFIRST in 2009, twelve local cities also opted-in to the statewide residential and commercial PACE program. CaliforniaFIRST expects to begin accepting applications for commercial PACE financing in summer 2012; however, the residential financing program is still on hold due to concerns from the Federal Housing Finance Agency (FHFA) regarding loan seniority with residential PACE liens. Additionally, other cities and counties throughout the state have entered into agreements with private companies to administer their own PACE programs. In the San Diego region, PACE program providers may be able to work in concert through the assessment district created under CaliforniaFIRST to offer several PACE financing options for property owners.

Recommendation

The EWG is asked to decide whether to recommend that the Regional Planning Committee recommend to the Board of Directors that SANDAG submit a letter to the San Diego County Board of Supervisors supporting the timely implementation of an open-market commercial PACE program utilizing the energy assessment district created under CaliforniaFIRST. A draft letter is included as Attachment 1 to this report.

Discussion

At the March 22, 2012, EWG meeting staff provided an overview of PACE programs in California, and described local efforts to provide financing for energy efficiency and renewable energy retrofits. EWG members also heard from the City and County of San Diego staff regarding their desire for an open-market commercial PACE program that would allow multiple lenders to provide PACE financing to San Diego property owners under CaliforniaFIRST. Several PACE providers in attendance described the programs that they offer and stated their support for an open-market PACE program in the San Diego region.
Background

Regional Energy Strategy

The Regional Energy Strategy (RES) includes regional energy goals covering 11 topic areas, including energy efficiency. Each goal recommends multiple policy measures that regional and/or local governments could undertake to meet the region’s long-term goals. In addition, six early actions were identified by the SANDAG Board of Directors. Two are directly related to supporting building retrofits and PACE programs:

- Pursue a comprehensive building retrofit program to improve efficiency and install renewable energy systems
- Create financing programs to pay for projects and improvements that save energy

The RES Energy Efficiency Goal is to keep total electricity consumption in the residential and commercial sectors flat through 2030. The RES states that the approach to meeting this goal will require increased energy conservation and efficiency efforts, above and beyond existing state policy and utility-administered programs.

In addition, one RES Guiding Principle is to Promote State Policy for Zero Net Energy Residential and Commercial Buildings, stating the following:

Consistent with the policy direction of state agencies like the California Public Utilities Commission (CPUC), aggressive strategies, including regulations and incentives, are employed to achieve zero net energy usage in new residential and commercial buildings and communities, and reduce energy usage in existing residential and commercial buildings and communities, through energy efficiency, clean distributed generation, and community planning efforts.

CaliforniaFIRST

CaliforniaFIRST is a statewide PACE program offered by California Communities, a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of California Communities include all 58 counties and more than 400 other local agencies throughout the state. CaliforniaFIRST allows property owners in participating cities and counties to finance energy efficiency, renewable energy, and water efficiency improvements to their property. Renewable Funding was competitively selected to be the program administrator for CaliforniaFIRST. The program was originally to offer residential and commercial PACE financing. Throughout 2010 and 2011, the FHFA expressed concerns surrounding loan seniority which created uncertainty for residential PACE programs. CaliforniaFIRST, like many other planned and existing PACE programs, has opted to target commercial properties until regulatory issues are resolved for the residential sector. CaliforniaFIRST is expected to begin accepting commercial PACE applications in summer 2012. The current CaliforniaFIRST Program Summary is included as Attachment 2.
Local Efforts

County of San Diego

In December 2009, the County of San Diego adopted a resolution to join CaliforniaFIRST. The resolution authorized California Communities (through the CaliforniaFIRST program) to accept applications from owners of property within the County of San Diego’s unincorporated areas for municipal financing of renewable energy, energy efficiency and water efficiency improvements. Participation of local cities was contingent upon the County’s participation.

Cities of San Diego County

Subsequent to the County resolution, many local governments in the region decided to join the CaliforniaFIRST program. The city council for each participating jurisdiction adopted a resolution joining CaliforniaFIRST. CaliforniaFIRST plans to begin accepting applications from commercial property owners in spring 2012. The following local cities have joined CaliforniaFIRST:

- Carlsbad
- Chula Vista
- Coronado
- Del Mar
- Encinitas
- Escondido
- La Mesa
- Lemon Grove
- Oceanside
- Poway
- Santee
- Solana Beach

City of San Diego

In December 2008, the City of San Diego began working to leverage its Energy Efficiency and Conservation Block Grant funds and CPUC/San Diego Gas & Electric (SDG&E) Partnership funds to establish the San Diego Clean Generation Program for residential customers. In 2011, after the FHFA action regarding PACE programs, the City of San Diego established a different type of finance program called the San Diego Home Energy Upgrade Loan Program. Through a competitive procurement, the City of San Diego challenged financial institutions to propose how they could best leverage a pool of city funds to share risk and offer an aggressive home energy efficiency loan product. This year, the City of San Diego is planning to launch a commercial PACE program.

Attachments: 1. Draft Letter to County Board of Supervisors
              2. CaliforniaFIRST Program Summary

Key Staff Contact: Allison King, (619) 699-1973, Allison.King@sandag.org
April 26, 2012

Board of Supervisors
County of San Diego
1600 Pacific Highway
San Diego, CA 92101

Dear Board of Supervisors:

SUBJECT: San Diego Association of Governments support for property assessed clean energy financing

On behalf of the San Diego Association of Governments (SANDAG), we commend and support the County Board of Supervisors in your efforts to form a property assessed clean energy (PACE) program to offer financing for energy-related improvements to property owners in the San Diego region. The region will greatly benefit from timely implementation of the CaliforniaFIRST program under an open-market model. This open-market platform would allow individual banks and lenders as well as private PACE program providers to offer financing within the assessment district created through CaliforniaFIRST. The competitive marketplace would allow property owners the ability to negotiate their financing terms.

The Regional Energy Strategy (RES) includes goals covering 11 topic areas, including energy efficiency. Deep retrofits of existing buildings are essential to meeting the energy efficiency goals. In addition, six early actions to implement the RES were identified by the SANDAG Board of Directors. PACE financing is a mechanism that local governments can use to support deep retrofits and two of the RES early action items:

- Pursue a comprehensive building retrofit program to improve efficiency and install renewable energy systems
- Create financing programs to pay for projects and improvements that save energy

Since the County passed a Board Resolution to join CaliforniaFIRST, twelve cities in the San Diego region have also opted-in to the program through adoption of Council Resolutions. CaliforniaFIRST is a statewide PACE program offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. CaliforniaFIRST expects to begin accepting applications for financing of energy efficiency, renewable energy, and water conservation improvements for commercial properties in summer 2012.

SANDAG has discussed the merits of PACE in advancing regional energy goals and of an open-market financing model that would enable competition among PACE providers and more lender choices for property owners. We also believe that leveraging efforts already undertaken by 13 local jurisdictions under CaliforniaFIRST is an appropriate way to minimize government resource requirements to launch a regional PACE program.
Therefore, SANDAG would like to express its support for the timely implementation of a PACE financing program that builds upon local government efforts to date, is consistent across all jurisdictions in the region, and allows for competition through an open-market model.

Thank you for your support and should you need any additional information from SANDAG please contact me or Susan Freedman at (619) 699-7387, or Susan.Freedman@sandag.org.

Sincerely,

JEROME STOCKS
Chair, SANDAG Board of Directors
Mayor, City of Encinitas

cc: Devon Muto, Chief of Advanced Planning
    Peter Livingston, Energy and Sustainability Manager
CaliforniaFIRST Program Summary
Financing for Energy Efficiency, Renewable Energy & Water Conservation Improvements

Overview
CaliforniaFIRST is a multi-jurisdiction Property Assessed Clean Energy (PACE) program that provides the size and standardization to catalyze an active, secure energy retrofit marketplace. The first phase of the program currently includes 14 counties and over 120 cities representing a population of over 10.5M and is aligned with the best practices of the nation’s foremost PACE programs. The Program operates on very similar terms to PACE programs in Los Angeles and San Francisco, providing a common set of rules for contractors, mortgage lenders and private capital providers.

Program Description
CaliforniaFIRST is offered by the California Statewide Communities Development Authority (CSCDA). CSCDA is the state’s largest joint powers authority and sponsored by the California Association of Counties and California League of Cities. Although originally designed to provide both residential and commercial financing, CaliforniaFIRST has been adapted to focus solely on commercial properties, avoiding many of the regulatory issues and legal risks surrounding residential PACE programs. Commercial properties include multi-family buildings with 5 or more units, industrial, retail, agricultural and commercial properties. When the regulatory environment improves, the Program plans to expand to include residential financing.

Nature of Financing
Under CaliforniaFIRST, qualifying commercial properties within participating jurisdictions may choose to enter into an assessment contract with CSCDA to finance the installation of eligible renewable energy, energy efficiency, or water conservation projects. Pursuant to the assessment contract, participating properties agree to repay the cost of the improvements through a line item on their property tax bill. If a participating property owner sells the property, the assessment obligation remains with the property unless otherwise negotiated with the property buyer.

The contractual assessments are secured by a property tax assessment that has priority over private liens. This security makes investment in PACE projects particularly attractive to project lenders. Consequently, CaliforniaFIRST participants may be able to secure more affordable financing than would otherwise be available to them.

Program Financing Structure
CaliforniaFIRST provides a mechanism for the delivery of private capital to finance the installation of energy/water improvements on a single property. CaliforniaFIRST will primarily rely upon the open market PACE financing mechanism, in which an individual property owner will work with a project lender to structure individual financing terms like interest rate and repayment. Once the financing terms are agreed upon and submitted to the program for verification, the tax assessment will be placed on the property. The repayments will be paid through the property tax bill and then remitted to the project lender. Similar
PACE programs in San Francisco and Los Angeles are utilizing this open market approach, and there are a number of financing entities already engaged to provide capital. The Program also can employ a pooled bond structure where aggregating contractual assessment obligations from multiple properties offers the best market execution.

**Eligible Measures**
The Program offers an extensive list of common energy efficiency, renewable energy, and water conservation measures that are eligible for financing. Property owners will also be permitted to install custom measures, which will be reviewed and approved by CSCDA on a case-by-case basis.

**Customer Service and Marketing**
A robust customer service system assists property owners. CaliforniaFIRST provides a website that provides timely information, program materials and application functionality. The website also serves as the main interface to provide and track customer service. Information specific to property owners, contractors, project lenders, and mortgage lenders will be available. A telephone number and email access to trained staff will be available where greater customer service is needed.

**How Property Owners Participate**
In order to receive financing through CaliforniaFIRST, property owners must submit an application and their properties must satisfy certain underwriting criteria established by CSCDA. In addition, the project lender may choose to use additional underwriting criteria. Participants must obtain written acknowledgement of the CaliforniaFIRST lien from the existing mortgage holder.

**How Local Governments Can Participate**
Initially, CaliforniaFIRST will only be offered to jurisdictions that passed a resolution to opt into Phase 1 of the CaliforniaFIRST program. No further action is required of the Phase 1 participants in order for properties within their boundaries to participate in CaliforniaFIRST. Public agencies with questions or wishing to withdraw from CaliforniaFIRST, should notify the CaliforniaFIRST team at simon@renewfund.com.

**No Cost for Public Agency Participation**
CSCDA will not charge a set-up or participation fee to cities and counties. Counties will also be able to recover any costs related to the collection of the AB 811 contractual assessment payments.

**Roles & Responsibilities**
CSCDA will be responsible for operation of CaliforniaFIRST, including the issuance of revenue bonds. A program team led by Renewable Funding will assist CSCDA. Participating cities and counties will not be obligated to take any further action with respect to CaliforniaFIRST. CSCDA will recover its expenses from participating property owners.

**Court Validation & Legal Liability**
Court validation provides the program an additional layer of security given that AB 811 is a relatively new law. During the validation process, a judge will review key program terms such as the enforceability of the senior lien and the property district annexation process.
Once the review is complete, the judge will issue a validity ruling. If uncontested, the validation process is expected to take 3-4 months. The anticipated benefits of court validation include greater Program access to private capital and lower interest rates for property owners.

As issuer of the PACE bonds, CSCDA has ultimate legal and financial liability for the program. The CaliforniaFIRST AB 811 contractual assessment districts are established, maintained and operated by CSCDA, thereby insulating the local public agency.

**Timeline**
The timing of the launch of CaliforniaFIRST depends on a number of factors, but is expected Summer 2012.

- **March 2012**
  - Submit the program to the court for validation
  - Begin educational webinar series for Phase 1 communities
  - Launch CaliforniaFIRST website landing page

- **April 2012**
  - Begin priming project pipeline; outreach to contractors and lenders

- **May 2012**
  - Finalize program terms based on Phase 1 communities’ input

- **June 2012**
  - Conclude court validation
  - Identify initial projects
  - Launch CaliforniaFIRST website functionality

- **July 2012**
  - Program launches and begins taking applications

**Compatibility with Other Financing Program**
CaliforniaFIRST is fully compatible with other financing programs, including other PACE programs. CaliforniaFIRST is does not require public agencies to sign a contract or an exclusivity agreement. The Program Administrator, Renewable Funding, is a nationally recognized clean energy finance consultant and can advise communities how CaliforniaFIRST fits into overall clean energy strategies.

**Additional Information**
For additional information, contact Simón Bryce at Renewable Funding at 510.451.7906 or simon@renewfund.com. Please visit www.californiafirst.org for more information.
STATE LEGISLATIVE STATUS REPORT

Introduction

The deadline to introduce legislation in the California State Legislature was February 24, 2012. The following Assembly Bills (AB) and Senate Bills (SB) have been identified as bills of interest for the Energy Working Group. A short description as well as the status of each bill is included.

RATES/TARIFFS

AB 723 (Bradford) Energy: Public Goods Charge
This bill amends the Public Utilities Act that requires an electrical corporation to identify a separate electrical rate component, commonly referred to as the public goods charge to fund energy efficiency, renewable energy, and research, development, and demonstration programs that enhance system reliability and provide in-state benefits. AB 723 extends this requirement and makes technical and conforming changes. AB 723 requires the Public Utilities Commission to implement various elements relating to energy efficiency.
Status: Pending; Senate Energy, Utilities, and Communications Committee

AB 2514 (Bradford) Net Energy Metering
This bill requires the Public Utilities Commission to complete a study to determine the extent to which each class of ratepayers receiving service under the net energy metering tariff is paying the full cost of the services and the extent to which those customers pay their share of the costs of public purpose programs.
Status: Second Reading; Assembly Floor

SB 1537 (Kehoe) Energy: Rates: Net Energy Metering
This bill relates to energy rates and net energy metering and prohibits an electric utility, on a percentage basis, from increasing rates and charges for eligible customer-generators by an amount that is greater than those applied to customers in the same rate class that are not eligible customer-generators. Additionally, SB 1537 requires that an electric utility's rate design be consistent with the policy of the state to ensure ongoing, sustainable, and robust growth of distributed customer-generation.
Status: 4/24/12; Senate Energy, Utilities, and Communications Committee

ENERGY EFFICIENCY

AB 904 (Skinner) Energy Efficiency
This bill requires the Public Utilities Commission, as part of a rulemaking procedure, to evaluate reasonable alternatives for financing residential energy efficiency retrofits, including efficiency improvements of heating, ventilation, and air-conditioning. AB 904 requires the commission to consult and coordinate with the Energy commission in complying with these requirements.
Status: Pending; Senate Energy, Utilities, and Communications Committee
AB 1124 (Skinner) Energy: Energy Efficiency
This bill amends existing law concerning the Public Utilities Commission and certain programs to provide energy efficiency financing options for customers of electrical and gas corporations. AB 1124 requires the Public Utilities Commission, in its review of the energy efficiency programs of electrical corporations and gas corporations, to ensure compliance with specified principles.
Status: Pending; Senate Energy, Utilities, and Communications Committee

AB 1711 (Galgiani) Energy Resources: Energy Savings Program
This bill specifies, for purposes of provisions governing energy efficiency assessments, ratings, or improvement for residential buildings, that an unreasonable or unnecessary effect on the home purchasing process or the ability of individuals to rent housing includes an act or requirement in the assessment, rating, or improvement of a residential building that results in certain costs or delays the close of escrow.
Status: 4/23/12; Assembly Utilities and Commerce Committee

AB 2628 (Morrell) Energy: Energy Efficient Materials: Incentives
This bill states the intent of the Legislature to enact subsequent legislation providing for incentives for the purchase of energy efficient materials manufactured in California.
Status: Pending; Assembly

SB 343 (DeLeon) Energy: Efficiency
This bill requires the Public Utilities Commission to determine appropriate energy efficiency financing measures, programs, and funding sources for the residential, commercial, and public building sectors in order to achieve the statewide energy efficiency goals identified in the State Energy Efficiency Strategic Plan adopted by the commission.
Status: Pending; Assembly Natural Resources Committee

FINANCING

AB 796 (Blumenfield) Capital Access Loan Program: Clean Energy and Jobs
AB 796 relates to the Capital Access Loan Program that provides loans for small businesses through financial institutions, and requires the State Pollution Control Financing Authority to create a loss reserve account for each financial institution in order to provide protection against loss that would require matching moneys from institutions. This bill increases the maximum institution contribution under specified conditions. Additionally, AB 796 relates to matching contributions and authorizes the Clean Energy Economy and Jobs Incentive Program.
Status: Pending; Senate Governance and Finance Committee

AB 2409 (Allen) Energy Efficiency
This bill requires the State Energy Resources and Conservation Commission to review and develop emerging markets and financing models for financing energy efficient improvements and services that maximize private sector investment with minimal public financial investment.
Status: Second Reading; Assembly Floor

SB 998 (DeLeon) Energy Efficiency and Renewable Energy On-Bill Repayment
This bill requires the Public Utilities Commission to require an electrical corporation to develop an on-bill repayment program for eligible energy efficiency and renewable energy investments. SB 998 requires the electrical corporation to treat any resulting shortfall in payment to be consistent with the rules established by the commission for a customer's failure to pay for electrical or gas service.
Status: 4/24/12; Senate Energy, Utilities, and Communications Committee
SB 1130 (DeLeon) Energy Assessment: Commercial Buildings: Financing
This bill requires the Alternative Energy and Advanced Transportation Financing Authority to establish the Commercial Building Energy Retrofit Financing Program to provide financial assistance, through the issuance of revenue bonds, to owners of eligible buildings for implementing energy efficiency retrofit measures for the buildings.
Status: Pending; Senate Governance and Finance Committee

DISTRIBUTED GENERATION

AB 864 (Huffman) Electricity: Self-Generation Incentive Program
This bill relates to the Self-Generation Incentive Program that provides incentives for distributed energy resources that are determined to achieve reductions in emissions of greenhouse gases under the Global Warming Solutions Act of 2006. AB 864 requires that distributed energy resources with a nameplate generating capacity of up to 10 megawatts are eligible for incentives. Additionally, this bill limits the capacity of incentives to not more than five megawatts of that capacity and provides a limitation for incentives.
Status: Pending; Senate Appropriations Committee

AB 1302 (Williams) Distributed Generation
This bill requires each large electrical corporation and local publicly owned electrical utility to provide maps other information identifying and designating zones within their service territories that are optimal for deployment of distributed generation to the specified entities. AB 1302 requires the development of guidelines for those utilities in that process. Additionally, the bill requires priority to be given for distributed generation projects proposed to be located within a zone designated pursuant to these provisions.
Status: Pending; Senate Energy, Utilities, and Communications Committee

AB 2135 (Blumenfield) Building Standards: Solar Distributed Technology
AB 2135 authorizes building standards for solar distributed generation technology on residential and commercial property pursuant to the procedures for emergency standards without the necessity of making a finding of an emergency. This bill requires a model ordinance and guidelines to assist local agencies to develop building standards and permitting processes for solar distributed generation technology on residential and commercial property and post the model ordinance.
Status: 4/24/12; Assembly Business, Professions, and Consumer Protection Committee

SB 1122 (Leno) Solar Energy: Permits
This bill requires that permit fees for rooftop solar energy systems by a city, county, or city and county, including those with specified populations to not exceed the estimated reasonable cost of providing the service for which the fee is charged, which cannot exceed a specified amount unless certain conditions are met. SB 1122 requires those public entities to submit a report to the State Energy Resources Conservation and Development Commission.
Status: 4/25/12; Senate Governance and Finance Committee
RENEWABLE ENERGY

**AB 1214 (Skinners) Electrical Transmission**
This bill requires the Independent System Operator and the Public Utilities Commission to evaluate certain electrical transmission facilities and determine which of these facilities is necessary or useful to interconnect eligible renewable energy resources to facilitate achievement of certain procurement requirements and to publish a report including timeframes for construction. AB 1214 relates to needed transmission facilities and a certificate of public convenience and necessity.
Status: Pending; Senate Energy, Utilities, and Communications Committee

**AB 1303 (Williams) Energy Programs**
This bill increases the amount to be collected by the largest electrical corporations for renewable energy, research, development, and demonstration programs. AB 1303 extends the authorization to expend moneys in the Renewable Trust Fund for the implementation of renewable resources programs. The bill revises and recasts the Public Interest Research, Development, and Demonstration Program that develops and helps bring to market energy technologies that provide increased environmental benefits, system reliability, and lower costs.
Status: Pending; Senate Energy, Utilities, and Communications Committee

**AB 1801 (Campos) Land Use: Fees**
This bill prohibits a local agency from charging a fee for permits for a renewable energy system that exceeds the actual cost of issuing the permit. AB 1801 prohibits a local agency from calculating a fee for a renewable energy system by utilizing the valuation of the renewable energy system. The bill prohibits an association from charging a fee to review, inspect, recommend, approve, or disapprove any aspect of the installation of a renewable energy system. Additionally, the bill provides that such oversight is an issue of statewide concern.
Status: Pending; Assembly Local Government Committee

**AB 1868 (Pan) Renewable Energy Resources**
This bill relates to the Renewables Portfolio Standard Program. The bill recasts a certain requirement that the Public Utilities Energy Commission adopt banking rules. AB 1868 expands the banking rules to authorize excess procurement accumulated through a specified date, to be applied to subsequent compliance periods if specified conditions are met. Finally the bill requires the governing board of local publicly owned electric utility to adopt rules for banking in a specified manner.
Status: Pending; Assembly Utilities and Commerce Committee

**AB 2339 (Williams) Energy Geothermal Heat Pump**
This bill requires the Public Utilities Commission, in consultation with the geothermal heat pump and distributed solar thermal heating and cooling industries, to evaluate policies and develop sufficient infrastructure sufficient to overcome barriers to the widespread deployment and use of geothermal and solar heating and cooling technologies.
Status: Second Reading: Assembly Floor

**AB 2551 (Hueso) Infrastructure Financing Districts: Energy Zones**
This bill authorizes a legislative body to establish an infrastructure financing district in a renewable energy zone for the purpose of promoting renewable energy projects. AB 2551 deletes provisions prohibiting the Legislature from changing pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county.
Status: 4/18/12; Assembly Local Government Committee
AB 2632 (Fletcher) Renewable Energy Resources
This bill makes a technical, nonsubstantive revision to the Renewables Portfolio Standard Program requiring a retail seller of electricity and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources for specified compliance periods.
Status: Pending; Assembly

SB 23 (Simitian) Energy: Renewable Energy Resources
This bill relates to the Renewables Portfolio Standard Program (RSP) and the Renewable Energy Resources Program. SB 23 relates to a study of out of country hydroelectric generating facilities and requires the Energy Commission to adopt regulations for RSP enforcement. Additionally, SB 23 relates to the determination of the effective electric grid load carrying capacity of wind and solar energy resources and extends the sources compliance date.
Status: Pending; Senate Unfinished Business

SB 1312 (Blakeslee) Electrical Corporations: Procurement Plans
This bill relates to a procurement plan for each electrical corporation. SB 1312 requires the electrical corporation to secondarily meet its unmet resource needs through cost effective, reliable, and feasible procurement of eligible renewable energy resources pursuant to the California Renewables Portfolio Standard Program and ultraclean and low-emission distributed generation, including natural gas powerplants.
Status: Pending: Senate Energy, Utilities, and Communications Committee

CLIMATE CHANGE/GREENHOUSE GAS EMISSIONS

AB 1180 (Bradford) Global Warming Solutions Act of 2006: Compliance Offset
AB 1180 amends the State Global Warming Solutions Act of 2006 to require the State Air Resources Board to adopt a compliance offset protocol that meets specified criteria if the board adopts a cap-and-trade program that allows the use of offsets for compliance under that program.
Status: Pending; Senate Environmental Quality Committee

AB 2404 (Fuentes) Global Warming Solutions Act: Local Emission Reduction
This bill creates the Local Emission Reduction Program pursuant to the Global Warming Solutions Act of 2006, requiring moneys collected under the market-based compliance mechanisms be available for award to specified local entities for specified purposes by the State Air Resources Board to develop standards and guidelines to ensure the funded projects maximize the funds appropriated, provide environmental and economic benefits, and do not conflict with the act.
Status: 4/23/12; Assembly Natural Resources Committee

SB 1572 (Pavley) California Global Warming Solutions Act of 2006
This bill relates to the Global Warming solutions Act of 2006 designating the State Air Resources Board as the state agency charged with monitoring and regulating sources of emission of greenhouse gases and requires the board to adopt a statewide emissions limit. The bill relates to certain market-based compliance mechanisms and creates the Greenhouse Gas Reduction Account within the Air Pollution Control Fund. SB 1572 requires moneys collected pursuant to a market-based compliance mechanism be deposited in the account.
Status: 4/23/12; Senate Environmental Quality Committee
ALTERNATIVE FUEL VEHICLES/TRANSPORTATION

AB 523 (Valadao) Renewable Fuel and Vehicle Technology Program
This bill relates to funding for projects under the Alternative and Renewable Fuel and Vehicle Technology Program. AB 523 provides that on and after a specified date, the eligibility for funding of projects for the production of ethanol is limited to projects for the production of ethanol that are not derived from corn.
Status: Pending; Senate Transportation and Housing Committee

AB 1608 (Wieckowski) Clean Vehicle Rebate Project and Hybrid Truck and Bus
This bill requires the State Air Resources Board in implementing the Clean Vehicle Rebate Project, with funds made available by the board, to provide rebates for the purchase of eligible light-duty vehicles from a state manufacturer in an specified amount made available for the purchase of eligible light-duty vehicles not manufactured in the state, and requires the same procedures under the Hybrid Truck and Bus Voucher Incentive Project.
Status: 4/23/12; Assembly Transportation Committee

AB 1627 (Dickinson) Energy: Vehicle Miles Traveled
This bill requires the Office of Planning and Research to prepare and make available a manual containing specified information designed to be used by local governments, local agencies, and project developers to evaluate and incorporate measures and strategies to reduce vehicle miles traveled in new residential and commercial building projects. AB 1627 requires recommendations to the Legislature and local policymakers of those measures and strategies.
Status: Pending; Assembly Business, Professions, and Consumer Protection Committee

AB 2631 (Fletcher) Offstreet Parking: Electric Vehicles
This bill makes a technical, nonsubstantive change in existing law authorizing a local authority, by ordinance or resolution, and a person in lawful possession of an offstreet parking facility, to designate stalls or spaces in an offstreet parking facility owned or operated by that local authority or person for the exclusive purpose of charging and parking a vehicle that is connected for electric charging purposes.
Status: Pending; Assembly

AB 2644 (Butler) Building Standards: Electric Vehicle Charging Stations
This bill requires the Building Standards Commission as a part of the next triennial edition of the Building Standards Code to adopt building standards for the construction, installation, and alteration of electric vehicle charging stations for parking spaces in single-family residential real property, in accordance with prescribed requirements.
Status: 4/25/12; Assembly Housing and Community Development Committee

SB 1455 (Kehoe) Alternative Fuels
This bill requires the State Energy Resources Conservation and Development Commission and the State Air Resources Board to coordinate efforts to implement state alternative fuels goals. SB 1455 requires the commission and board to report in the integrated energy policy report the status implementation of reaching the state alternative transportation fuels goals. Additionally, the bill requires the commission and board to include findings on the effect of proposed regulations related to the state alternative transportation fuels goals.
Status: 4/23/12; Senate Environmental Quality Committee
MISCELLANEOUS

SB 35 (Padilla) State Energy Research and Technology Act of 2011
This measure enacts the Energy Research and Technology Program Act of 2011. The bill requires the State Energy Resources Conservation and Development Commission to establish and administer the California Energy Research and Technology Program to fund research, development, and demonstration projects to lead to advancement and breakthroughs to overcome barriers to the achievement of statutory energy goals.
Status: Pending; Assembly Natural Resources Committee

SB 1409 (Pavley) Energy
SB 1409 requires the Director of Planning and Research to coordinate the implementation of complementary energy, environmental, and procurement policies, including laws to promote commercialization of clean energy technologies and the deployment of such projects in the state. The bill requires the director to provide assistance in resolving conflicts associated with research, development, and deployment of clean energy.
Status: 4/24/12; Senate Energy, Utilities, and Communications Committee

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