MEETING NOTICE AND AGENDA

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

Thursday, May 24, 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

- ENERGY UPGRADE CALIFORNIA PROGRESS REPORT
- SUMMER ENERGY OUTLOOK

SANDAG offices are accessible by public transit.
Phone 511 or see www.511sd.com for route information.
Secure bicycle parking is available in the building garage off Fourth Avenue.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact SANDAG at (619) 699-1900 at least 72 hours in advance of the meeting.

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, May 24, 2012**

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>WELCOME AND INTRODUCTIONS</th>
<th>RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>WELCOME AND INTRODUCTIONS</td>
<td></td>
</tr>
<tr>
<td>+2.</td>
<td>APRIL 26, 2012, MEETING SUMMARY</td>
<td>APPROVE</td>
</tr>
</tbody>
</table>

The Regional Energy Working Group (EWG) is asked to approve the April 26, 2012, meeting summary.

<table>
<thead>
<tr>
<th>3.</th>
<th>PUBLIC COMMENTS/MEMBER COMMENTS</th>
<th></th>
</tr>
</thead>
</table>

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. Public speakers are limited to three minutes or less per person. EWG members also may provide information and announcements under this agenda item.

**CHAIR’S REPORT (4)**

<table>
<thead>
<tr>
<th>4.</th>
<th>REPORTS ON MEETINGS AND EVENTS ATTENDED ON BEHALF OF SANDAG REGIONAL ENERGY WORKING GROUP</th>
<th>INFORMATION</th>
</tr>
</thead>
</table>

Regional Energy Working Group 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.

**REPORTS (5 through 9)**

<table>
<thead>
<tr>
<th>5.</th>
<th>ENERGY UPGRADE CALIFORNIA PROGRESS REPORT</th>
<th>INFORMATION</th>
</tr>
</thead>
</table>

Energy Upgrade California is a statewide energy efficiency building retrofit program. Jeremy Hutman from the California Center for Sustainable Energy will provide an overview on progress in the San Diego region.

<table>
<thead>
<tr>
<th>6.</th>
<th>SUMMER ENERGY OUTLOOK</th>
<th>INFORMATION</th>
</tr>
</thead>
</table>

Rob Anderson, San Diego Gas & Electric (SDG&E), will present SDG&E’s plans for addressing the region’s peak summer energy load while the San Onofre Nuclear Generating Station is offline.

<table>
<thead>
<tr>
<th>7.</th>
<th>STATE LEGISLATIVE STATUS REPORT</th>
<th>DISCUSSION</th>
</tr>
</thead>
</table>

Energy-related state legislation is attached. Members should review the bills for discussion at the meeting.

<table>
<thead>
<tr>
<th>8.</th>
<th>STATUS ON PREVIOUS ENERGY WORKING GROUP ITEMS</th>
<th>INFORMATION</th>
</tr>
</thead>
</table>

An update on SANDAG’s involvement in SDG&E’s General Rate Case and property assessed clean energy programs is provided.
9. UPCOMING MEETINGS

The next meeting of the EWG is scheduled for Thursday, June 28, 2012, from 11:30 a.m. to 1 p.m. on.

+ next to an agenda item indicates an attachment
May 24, 2012

AGENDA ITEM NO.: 2

Action Requested: APPROVE

APRIL 26, 2012, MEETING SUMMARY

FILE NUMBER 3200300

ITEM #1: WELCOME AND INTRODUCTIONS

Chair Carrie Downey, City of Coronado, called the meeting to order at 11:36 a.m.

ITEM #2: MARCH 22, 2012, MEETING SUMMARY

Crystal Crawford, member of the public, had submitted corrections to the minutes via e-mail. [The changes were subsequently added to the March 22nd meeting summary.]

Greg Newhouse, San Diego Clean Cities Coalition, motioned to approve the meeting summary with the corrections and Michelle White, Unified Port District of San Diego, seconded the motion. Chair Downey and Michael Nagy, San Diego Regional Chamber of Commerce, abstained from the vote and the motion carried without opposition.

ITEM #3: PUBLIC COMMENTS/MEMBER COMMENTS

John Wotzka, member of the public, reviewed energy-related items in the national news and submitted his summarized comments: wind farms in Baja passed regulation; the Energia Sierra Juarez wind project will install turbines along 100-mile stretch highlands – need federal approval to cross border; the Interior Department’s Bureau of Land Management with Department of Energy identified 16 solar energy zones nationwide – will charge rent on public lands; the earth’s atmosphere bombardment – high energy particles and cosmic rays create tritium that reacts with oxygen to form a radioactive water molecule, concentration is low because we have so much water; new air pollution rules for tracking oil and gas production; there is a NASA study using earth’s energy imbalance to prove human activity causing 0.58 w/m² imbalance and CO₂ needs to be reduced to 350 parts per million (ppm) to restore equilibrium; Japan is building a natural gas line from Australia to Japan; Japan also is working with Mitsubishi Corps and Sempra Energy to build a liquid natural gas plant in Louisiana; Mexico’s Pemex is drilling deep water wells in the Gulf of Mexico; the Huntington Beach natural gas plant generating station could fill gap in grid if the San Onofre Nuclear Generating Station (SONGS) is offline in summer.

David Richardson, member of the public, noted that he attended a San Diego Planning Commission meeting and was concerned about the siting of a peaker plant at Quail Brush. He requested that SANDAG submit copies of the Regional Comprehensive Plan (RCP) and Regional Energy Strategy (RES) to the California Energy Commission (CEC). He also requested that SANDAG apply for grants to conduct technical studies to analyze and map suitable locations to site power plants. Chair Downey responded that those documents could be provided to Mr. Richardson for him to submit to the CEC. Mr. Richardson’s letter is attached following the Meeting Summary.
Don Mosier, City of Del Mar, stated that he attended a meeting regarding SONGS and that it will not be re-started without determining the root cause of the generator issues. Moreover, a small earthquake occurred off Dana Point, which is located on a subduction fault. Geologists recently noted a higher concern for earthquakes on this type of fault as they can trigger tsunamis.

Kayla Race, Environmental Health Coalition (EHC), requested that the Quail Brush power plant be an information item for a future Regional Energy Working Group (EWG) meeting.

Charlie Buck, California Center for Sustainable Energy (CCSE), announced that Andrew McAllister, CCSE Managing Director, was appointed to the CEC by Governor Jerry Brown. Mr. McAllister will be sworn in as a commissioner before the May 9, 2012, CEC business meeting.

Chair Downey noted there was a request to change the order of Agenda Items 5 and 6.

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

Chair Downey stated that three meetings of the technical subcommittee were held by the San Diego Gas & Electric (SDG&E) Solar Stakeholder Collaboration Group (SSCG). Scott Anders, Energy Policy Initiatives Center, University of San Diego School of Law (EPIC), drafted a request for proposals (RFP) for a cost/benefit study of solar-distributed generation (DG). The technical subcommittee defined the details of the RFP, which was released by EPIC and available on its Web site. Chair Downey noted that the study will take several months to complete following the consultant selection process, that the contracting process would be conducted by EPIC, and the study funded by SDG&E.

Pete Hasapopoulos, Sierra Club, inquired who is included in the SSCG subcommittee. Chair Downey responded that representatives from SDG&E, CCSE, EPIC, SANDAG, and members of the solar industry were participating.

Ms. Race asked if this study would encompass only the SDG&E territory or a larger area. Chair Downey confirmed that the study will provide specific detail on SDG&E territory.

Dave Weil, University of California San Diego (UCSD), inquired how this study will fit into SDG&E’s California Public Utilities Commission (CPUC) General Rate Case Phase 2 (GRC-2) schedule. Chair Downey stated that they do not believe the schedule will align with the GRC-2, but having a well-done study will inform future policy decisions.

ITEM #5: RECOMMENDATION IN THE SAN DIEGO GAS & ELECTRIC GENERAL RATE CASE

Susan Freedman, SANDAG, provided background information on SANDAG involvement in the revised SDG&E GRC-2 application.

Chair Downey led a discussion on the EWG recommendations and concerns contained within the draft letter. She noted that the main issues are whether or not rate impacts are occurring, what exactly those impacts are, and how increased use of solar power and DG in the region will affect the rates. The draft letter discusses these issues as related to implementation of the RES, and highlights that these are statewide issues.
Other comments, questions, and discussion were as follows:

- Ms. Race commented that overall, the letter conveys the concerns regarding the GRC-2 proceeding and should be submitted. She requested clarification regarding unrecoverable costs. Chair Downey explained that concerns were raised that the RES promotes solar and DG at a higher level than can currently be supported, and these unrecoverable costs refer to the potential customer costs associated with the infrastructure expansion necessary for increasing solar and DG on the grid.

- Ms. Race inquired how cost is defined and if alternative benefits such as local jobs and health impacts are included. Chair Downey noted that this issue is being discussed by the SSCG and the solar study will include these alternative costs and benefits.

- Mr. Hasapopoulos proposed additional language be included in the letter for the CPUC to consider its solar and zero net energy goals in the California Strategic Plan and how SDG&E rates should be structured to meet these goals.

- Chair Downey highlighted the recommendation to allow existing customers on the DG rate be exempted from the proposed rate change.

- Mike Evans, San Diego Regional Chamber of Commerce, agreed that the concept of grandfathering is important to bring before the CPUC, but he noted his uncertainty whether submitting a letter is helpful at this time and if the CPUC is the appropriate venue to discuss these issues rather than at the legislation level. Mr. Evans then suggested that the recommendations should be very clear and consistent with the RES.

- Pamela Bensoussan, City of Chula Vista representing South County Economic Development Council, added that the City of Chula Vista is in support of the grandfathering recommendation and submission of this letter to the CPUC.

- Chair Downey stated that as part of the grandfathering recommendation, the EWG should consider how long existing customers should be grandfathered and how to incorporate this into the rate structure if the goal is to ensure that entities recover their investments. Mr. Buck proposed that language be included that leaves the time limit decision up to the CPUC to decide, based on a reasonable rate of return for those entities that made sizeable investments. Ms. Bensoussan supported Mr. Buck’s proposal.

- Matt Burkhart, SDG&E, noted the issue of unrecoverable costs is complex and confusing due to cost-shifts. JC Thomas, SDG&E, requested that on page 16, third paragraph, “or unsustainable cost-shift” be added and that SDG&E and/or the CPUC should both be responsible in defining cost-shifts.

- Mr. Thomas commented that more details on the SSCG should be included. He suggested that solar rate designs should be based upon a cost and benefit study; that if solar requires a subsidy, that the subsidy should be transparent; and that solar customers should be given credits for benefits they provide, but also should be charged for services the utility provides. Chair Downey responded that the SSCG efforts were included in the letter, but that they could be made more prominent. Ms. White suggested that the last paragraph on page 16 be moved above the bullets to emphasize the study.

- Tara Kelly, San Diego Solar Coalition (Solar Coalition), commented that the Solar Coalition has already faced impacts related to the proposed GRC-2 as customers have placed projects on hold due to the uncertainty of return on their investments. She encouraged the EWG to submit the letter.

- Chair Downey requested that Ms. Kelly provide her contact information as Dan Sullivan, Solar Coalition, had not attended recent SSCG meetings.
Mr. Thomas commented that the solar representatives on the technical subcommittee were Mr. Sullivan; Cecelia Aguillon and Sara Birmingham representing the Solar Energy Industries Association (SEIA) and California Solar Energy Industries Association (CALSEIA).

Chair Downey noted that the following revisions suggested by the EWG would be made:
1) The addition of “unsustainable cost-shift,”
2) Additional detail on the SSCG study and what the group is hoping to obtain from the results.

Ms. Bensoussan motioned to recommend to the RPC to recommend to the Board that SANDAG submit the revised letter regarding the GRC-2 to the CPUC. Mr. Mosier seconded the motion. Mr. Hasapopoulos and Peter Livingston, County of San Diego, opposed the motion. The motion carried.

**ITEM #6: 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 RES related to PACE, and reviewed recent developments and involvement in PACE programs by local jurisdictions.

Ms. Freedman added that there was a high level discussion of PACE programs at the last EWG, which included input from several PACE providers working in California. She suggested that because the EWG had not had the opportunity to discuss PACE in greater detail, the EWG should delay making a recommendation on the subject. Ms. Freedman further suggested that the EWG develop a list of questions that staff could disseminate to each PACE provider and bring back to a future EWG meeting.

Chair Downey also recommended that the EWG not act on this item today and added that there was no definitive time period for SANDAG to take action. She also requested that an e-mail correspondence of PACE questions and answers that occurred between Ms. Race and Ms. Freedman be shared with the EWG. The informal e-mail was distributed to all meeting attendees. The questions asked by Ms. Race and answers from Ms. Freedman are provided here.

1. Local Jobs—We’d like to see some assurances that this program would give disadvantaged communities (historically low-income communities) a fair opportunity to access jobs through a targeted hiring requirement. We understand that there are a number of models out there and stakeholder input is needed to work out the details, but we’d like the SANDAG letter to recommend that the County PACE program highlight this issue. We think that a PACE program could be passed with some basic goals—like ensure equitable job access and pathways out of poverty through targeted hiring requirements and foster good quality jobs through wage and benefit standards—and then establish a stakeholder committee to agree upon the details, while allowing early adopters of the program to move ahead.

**Answer:** SANDAG uses guidelines and incentives as a way to encourage actions. It’s not our policy to ask organizations or member agencies to include requirements for anything we do not have regulatory authority over. Additionally, the role of the local governments here is to opt-in to an existing program. What you’re describing I believe would be appropriately addressed by the program implementer. That said, we’ve got the policy used by Sonoma County for their contractors (Contractor Standards) in which it encourages the Contractor to
hire/use Sonoma County workers. Regarding results, Sonoma reports that its PACE program has created/retained 683 jobs and that 86 percent of projects were completed by local contractors.


2. Lender approval vs. notification—My understanding is that the CaliforniaFIRST (CA1st) program requires the primary mortgage lender to issue approval of a PACE loan/assessment. We are concerned this could stifle the program because very few lenders are likely to actively approve of their client taking a loan from another bank, particularly one that takes precedence. If there is any information to the contrary to alleviate this concern, we’d love to hear it.

Answer: I’m unclear why lender approval is being portrayed as a negative by some companies or that it stifles project participation. This element I consider consumer protection so that a property owner isn’t sold a bill of goods that isn’t economically sound for their existing debt situation. I think having this safeguard would be a benefit to property owners, and safeguards would have helped us avoid the mortgage crisis of recent years.

3. Defining “Open Model”—we believe open model to mean the allowance of multiple lenders, contractors, and “stage managers.” This seems to be in concert with the statement in the Draft SANDAG letter in the agenda that refers to the merits of “an open market financing model that would enable competition among PACE providers and more lender choices.” But the letter goes on to support the CA1st program and my understanding is that this program does not allow multiple PACE providers. Clarification would be appreciated.

Answer: The presentation given by Eric Engleman, City of San Diego, at the last EWG meeting was centered around the use of CA1st and an open market model. The City has met with all PACE “stage managers” and they have been asked to participate in an open, competitive program here. CA1st has committed to making their program open to all providers before it restarts in July. With that commitment by CA1st for open model, which staff at the City and County believe valid, this mechanism would enable open competition and spur innovation. Another important consideration for why we’ve called out CA1st is because it is the mechanism that has been adopted by most of our local governments already, through Board Resolution and/or City Council Resolution. There is buy-in to this program and actions to build on to make PACE successful in the near term and across our local jurisdictions.

4. “Owner-Arranged” financing—we’re concerned that it might be limiting to have approval of financing be dependent on the owner’s credit and resources, instead of the merits of the project and how much money and energy it will save. Relying on owner credit could really limit the eligible applicants, particularly those who are struggling and might have lower credit scores and need these upgrades the most.

Answer: Owner-arranged is based on the experience of Sonoma County today—April 2012. Sonoma’s previous method was suited for residential, but was lagging for commercial, so they are now pushing (through lessons learned) the need for owner-arranged commercial financing choices. Reasons included that business owners are more financially savvy than residential and customers being able to shop around creates competition which is enabling
customers to negotiate the best loan rates for them. “Owner-arranged” wouldn’t mean picking a bank out of the phonebook, but rather being afforded the option to choose among lenders to get the best negotiated rate one can. This is again about offering choice and competition.

Other comments, questions, and discussion were as follows:

- Mr. Mosier noted his surprise of the staff report containing a prominent role of CA1st as several representatives from PACE programs provided information on their different funding models. Chair Downey responded that it would be beneficial to have the City of San Diego staff return and join in further discussions on PACE programs.

- Ms. Race suggested that local hire language be included when jurisdictions implement PACE programs. Chair Downey requested sample language be submitted. Ms. Bensoussan added that the City of Chula Vista has language that includes a weighted evaluation system where contractors willing to work with local organizations and will commit to local supply chain purchasing are given more credits in contract analysis than other contractors. She will provide this language to staff.

- Ms. Bensoussan understood that within CA1st, cities would define their own programs, but coordinate with the County of San Diego as the entity that facilitates the liens and property assessments. Chula Vista is interested in local control to maintain the ability to work with local banks and lenders as part of its economic renewal program. Chair Downey responded that if open models are implemented with each city adding other requirements, how the County would deal with having different sets of rules for each city. Simon Bryce explained that CA1st includes the standardization of the legal framework and application process. If the County decides to move forward with CA1st, the program can be tailored to this region. In terms of working with local lenders, the concept of open source and even playing fields for PACE programs initially came from CA1st with property owners having the ability to select their contractor and lender. The main goal of CA1st is to encourage competition and include as many actors as possible. Moreover, Mr. Bryce noted he has had follow-up discussions with the other service providers who attended last month’s EWG and how they can collaborate and participate.

- Mr. Buck asked if the discussions about allowing for multiple PACE providers within the CA1st framework originated at the City of San Diego or if it is being discussed throughout the state. Mr. Bryce responded that these discussions originated at the City of San Diego and James Hamilton, Renewable Funding, is addressing these issues statewide.

- Ms. Crawford recommended that the San Diego region look at the Sonoma County PACE program, fully funded through Sonoma County treasury dollars, that has shown success with 700 jobs created and a contribution of 1 percent to economic growth in 2010 and 2011. She expressed her interest in quickly starting a fully-funded PACE program that would coincide with Assembly Bill 1103 (Saldana, 2007) (AB 1103) energy disclosure requirements. Ms. Crawford requested clarification on potential legal ramifications of program changes for CA1st to expand to allow other program operators to participate. She stated that this would require cities to go through a new validation process if they wanted to make substantive changes to the PACE program. Ms. Crawford also requested that the EWG make a recommendation to support specific attributes for a PACE program such as funding availability from day one and loan approval based on property values instead of owners’ credit scores.

- Chair Downey responded that a fully-funded program like Sonoma County’s would require funding from local jurisdictions in San Diego that is not available.
• Mr. Bryce clarified that PACE providers do not base loans upon property owners’ credit scores or credit analysis, instead, the property is what qualifies for loan financing and would stay with the property if it is transferred to another owner.

Chair Downey requested that the EWG members submit any additional questions regarding PACE programs to SANDAG staff. A compiled list of questions will be distributed to all PACE providers, and once all responses are received and reviewed by the EWG, a decision could be made whether the Working Group would like to move forward with any recommendations.

Ms. Bensoussan made the motion to have SANDAG staff collect and distribute PACE program questions to all providers and re-address the item at a future meeting. Mr. Anders seconded the motion and the motion carried without any opposition.

**ITEM #7: SANDAG LEGISLATIVE STATUS REPORT**

Due to lack of time, the EWG did not discuss this item.

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

The next scheduled meeting is on May 24, 2012, from 11:30 a.m. to 1 p.m.

The meeting was adjourned at 1:17 p.m.
<table>
<thead>
<tr>
<th>REPRESENTATION</th>
<th>JURISDICTION / ORGANIZATION</th>
<th>NAME</th>
<th>MEMBER / ALTERNATE</th>
<th>ATTENDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>South County Subregion</td>
<td>City of Coronado</td>
<td>Hon. Carrie Downey, Chair</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>City of Chula Vista</td>
<td>Hon. Pamela Bensoussan</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>North County Coastal Subregion</td>
<td>City of Del Mar</td>
<td>Hon. Don Mosier</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>City of Solana Beach</td>
<td>Hon. Lesa Heebner</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>North County Inland Subregion</td>
<td>City of Escondido</td>
<td>Hon. Ed Gallo</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td><strong>Vacant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East County Subregion</td>
<td>City of Santee</td>
<td>Hon. Rob McNelis</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td><strong>Vacant</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of San Diego Subregion</td>
<td>City of San Diego</td>
<td>Hon. Sherri Lightner</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>City of San Diego</td>
<td>Hon. David Alvarez</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>County of San Diego Subregion</td>
<td>County of San Diego</td>
<td><strong>Vacant</strong></td>
<td>Member</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>City of San Diego</td>
<td>Peter Livingston</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td>Public Transit Operators</td>
<td>Metropolitan Transit System (MTS)</td>
<td>Sharon Cooney</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>North County Transit District (NCTD)</td>
<td><strong>Vacant</strong></td>
<td>Alternate</td>
<td>-</td>
</tr>
<tr>
<td>Other Public Agencies</td>
<td>San Diego County Regional Airport Authority</td>
<td>Paul Manasian</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brett Caldwell</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ed Gowens</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Unified Port District of San Diego</td>
<td>Michelle White</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cody Hooven</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>Universities</td>
<td>University of California, San Diego</td>
<td>Dave Weil</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>San Diego State University</td>
<td>Dr. Heather Honea</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>Energy Utility</td>
<td>San Diego Gas &amp; Electric</td>
<td>Matt Burkhart</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Claudia Valenzuela</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td>Energy Non-Profits</td>
<td>California Center for Sustainable Energy</td>
<td>Andrew McAllister</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Charlie Buck</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>Energy Policy Initiatives Center, University of San Diego School of Law</td>
<td>Scott Anders, Vice Chair</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nilmini Silva-Send</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>Transportation Fuels</td>
<td>San Diego Clean Cities Coalition</td>
<td>Greg Newhouse</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jennifer Case</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>Environment/Social Justice</td>
<td>Environmental Health Coalition</td>
<td>Nicole Capretz</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Sierra Club</td>
<td>Kayla Race</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bill Powers</td>
<td>Member</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pete Hasapopoulos</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td>Business</td>
<td>San Diego Regional Chamber of Commerce</td>
<td>Mike Evans</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mike Nagy</td>
<td>Alternate</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carmen Sandoval</td>
<td>Alternate</td>
<td>No</td>
</tr>
<tr>
<td>REPRESENTATION</td>
<td>JURISDICTION / ORGANIZATION</td>
<td>NAME</td>
<td>MEMBER / ALTERNATE</td>
<td>ATTENDING</td>
</tr>
<tr>
<td>----------------------------</td>
<td>----------------------------------------------</td>
<td>---------------------</td>
<td>--------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Economic Development</td>
<td>South County Economic Development Council</td>
<td>Hon. Pamela Bensoussan</td>
<td>Member</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>North County Economic Development Council</td>
<td>David Lloyd</td>
<td>Alternate</td>
<td>No</td>
</tr>
</tbody>
</table>

**OTHER ATTENDEES:**
- Josh Brock, SDG&E
- Simon Bryce, Renewable Funding
- Don Christiansen
- Crystal Crawford
- Gretchen Crowson, City of Del Mar
- Mike Grim, City of Carlsbad
- Tara Kelly, San Diego Solar Coalition
- Rosie King, Willdan
- Mo Lahsaie, City of Oceanside
- Jenny Lybeck, Unified Port of San Diego
- Greg Ortega, San Diego County Water Authority
- Kim Perszyk, MegaWatt Consulting
- David Richardson
- Marina Som, AMEC
- Gwen Strickland, Willdan
- JC Thomas, SDG&E
- Linda Wagner, City of Chula Vista
- John Wotzka
- Susan Freedman, SANDAG
- Allison King, SANDAG
- Katie Levy, SANDAG
- Rob Rundle, SANDAG
Susan Freedman, Senior Regional Energy Planner  
Regional Energy Working Group  
SANDAG  
401 B Street, Suite 800  
San Diego, CA 92101-4231

Dear Susan Freedman,

SUBJECT A. Request for documents.  
Members of Stop the Santee Power Plant. org, request that the Regional Energy Working Group (EWG) provide the California Energy Commission (CEC) with SANDAG documents to be placed in the docket file/log. for Quail Brush application #11-AFC-03.

We want to insure that SANDAG planning documents are of public record. The guidelines, research, and regional issues that relate to land use, environment, air standards, power plants, etc. are important to making wise decision about the Quail Brush LLC application CEC docket #11-AFC-03

Doc. 1: Regional Comprehensive Plan (SANDAG)  
Doc. 2: Regional Energy Strategy (EWG/SANDAG)  
Doc. 3: Current up-date of plan monitoring (doc. that states current status of "plans")

Documents requested should be sent to:  
Eric K. Solorio  
Project Manager  
STEP Division  
California Energy Commission  
1516 Ninth St. MS-2000  
Sacramento, CA 95814  
Phone 916-651-0966  
ESolorio@energy.state.ca.us

SUBJECT B:  
A request that the EWG review and place on your agenda EPA's Federal Assistance for Infrastructure Planning, Smart Growth. See: Attached EPA release April, 12, 2012.  
The release outlines San Francisco technical assistance grant to "develop community-scale low carbon energy districts" and "determining which sites are best suited for generating facilities..."

Peaker power plants are coming to San Diego communities and SANDAG should be proactive with "suitable sites" planning and mapping.

Contact EPA project manager: Abby Hall (415-972-3384) hall.abby@epa.gov

Please notify me of your actions.  
Best Regards,  

David Richardson, dr42@earthlink.net (619-447-1519)
San Diego Association of Governments
REGIONAL ENERGY WORKING GROUP

May 24, 2012

AGENDA ITEM NO.: 5

Action Requested: INFORMATION

ENERGY UPGRADE CALIFORNIA PROGRESS REPORT File Number 3200700

Introduction

For the purposes of this Regional Energy Working Group (EWG) meeting, Energy Upgrade California (EUC) refers to the existing residential energy efficiency retrofit programs that encourage deep energy upgrades and provide workforce training. Energy Upgrade California pools resources and program providers under one umbrella. Providers include California counties, cities, non-profit organizations, the state’s investor-owned utilities (IOUs) (Pacific Gas and Electric, Southern California Edison, Southern California Gas Company, and San Diego Gas & Electric [SDG&E]), and publically-owned utilities. The Cities of San Diego and Chula Vista, and County of San Diego have used American Recovery and Reinvestment Act (ARRA) funds to augment energy upgrade rebates. Jeremy Hutman, Better Buildings Program Manager, California Center for Sustainable Energy (CCSE), will present an overview of this energy retrofit program and status of various local efforts. Additional program information is included as Attachment 1 to this report.

Energy Upgrade California Program Continuation

The California Public Utilities Commission (CPUC) has been discussing EUC within its energy efficiency proceeding to determine ratepayer-funded programs for calendar years 2013 and 2014. Significant updates to EUC were included in a May 10, 2012, decision by the CPUC in this proceeding:

- The IOUs, in consultation with local governments, are to continue successful EUC programs that would otherwise end (in 2012 and/or 2013) due to the end of ARRA funding.
- Expanded and/or new local government energy efficiency programs should focus on achieving deep energy retrofits.
- Successful ARRA-funded workforce development programs also are to continue.
- The term “Energy Upgrade California” will be the new statewide brand for all energy efficiency programs. It will replace brands “Engage 360” and “Flex Your Power.”
- The CPUC named CCSE as the statewide marketing, education, and outreach entity to manage the EUC brand for all energy efficiency programs, effective immediately.

Pursuant to CPUC direction, existing energy efficiency local government partners with SDG&E and other stakeholders, have been participating in program advisory group meetings to discuss how the San Diego region can best meet regional and state energy efficiency goals, and potentially serve as a model for other regions. The EWG is encouraged to ask questions about the existing home retrofit program and provide suggestions related to its continuation.

Attachment: 1. About Energy Upgrade California

Key Staff Contact: Susan Freedman, (619) 699-7387, Susan.Freedman@sandag.org
About Energy Upgrade California

Energy Upgrade California (EUC) is an unprecedented alliance among California counties, cities, non-profit organizations, the state's investor-owned utilities (Pacific Gas and Electric, Southern California Edison, Southern California Gas Company, and SDG&E), and publicly owned utilities. Funding for this effort has come from the American Recovery and Reinvestment Act (ARRA), California utility ratepayers, and private contributions. EUC rebates are administered by participating utilities.

The goals of this statewide effort are four-fold:

1. Help residential and commercial consumers and the building industry become knowledgeable about the many energy and water efficiency programs and financing options available including the State Energy Programs, utility company home upgrade programs, local rebates, appliance and renewable energy rebates, and energy financing programs.
2. Provide a consistent and clear message regarding how consumers can choose the best energy-efficient measures and the right contractors to provide those services.
3. Drive consumers and contractors to a central resource that provides educational information that links all the state energy efficiency upgrade, rebates, and incentive programs.
4. Educate the building trades and home improvement industry on jobs, training, and required certifications.

EUC in the San Diego Region

Local jurisdictions have created complimentary programs to enhance EUC for their residents. The California Center for Sustainable Energy (CCSE) has been implementing EUC program elements for the cities of San Diego and Chula Vista, and County of San Diego. The San Diego Home Energy Upgrade (SDHEU) program is part of City of San Diego’s efforts to empower low- and moderate-income residents to move toward creating healthy and sustainable communities. It provides participants the opportunity to receive a comprehensive energy upgrade in their homes with little to no up-front cost. SDHEU’s goal is to provide incentives for 2,000 residential energy upgrades that will produce home energy savings of 15-20%, while providing significant workforce development opportunities.

The City of Chula Vista has implemented the Home Upgrade, Carbon Downgrade program that helps residents and businesses reduce their energy/water use and utility costs, while stimulating the local economy and lowering the community’s greenhouse gas emissions. Home Upgrade, Carbon Downgrade includes appliance exchange rebates, free energy and water evaluations, energy retrofit incentives, and 0% interest retrofit loans.

The County’s program supports regional workforce development efforts, and education and outreach to homeowners and those working or seeking work in the retrofit industry. The program provides rebates for whole-house home energy ratings, cooperative marketing funds for participating contractors, and subsidized training, through the GETUP program, that provides a pathway to employment for individuals interested in pursuing a building performance career.

For more information, contact Jeremy Hutman, CCSE, 858.244.7281, jeremy.hutman@energycenter.org.
STATE LEGISLATIVE STATUS REPORT

Introduction

The deadline for bills to be passed out of the house of origin is June 1, 2012. The following Assembly Bills (AB) and Senate Bills (SB) have been identified as bills of interest for the Regional Energy Working Group. A short description as well as the status of each bill is included.

NET ENERGY METERING

AB 2514 (Bradford) Net Energy Metering Study
This bill requires the California Public Utilities Commission (CPUC) to complete a study to determine the extent to which each class of ratepayers and each region of the state 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, and the benefits of net energy metering.
Status: Suspense File; Assembly Appropriations Committee

SB 1537 (Kehoe) Rates: Net Energy Metering
This bill relates to energy rates and net energy metering. The bill prohibits the CPUC from adopting any new charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other fixed charge that applies only to customers receiving electric service pursuant to a net energy metering contract or tariff.
Status: Suspense File; Senate Appropriations Committee

ENERGY FINANCING

AB 904 (Skinner) Residential Financing Alternatives
This bill requires the CPUC, 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 Efficiency Program Review
This bill amends existing law concerning the CPUC and certain programs to provide energy efficiency financing options for customers of electrical and gas corporations. AB 1124 requires the CPUC, in its review of the energy efficiency programs of electrical corporations and gas corporations, to ensure compliance with specified principles including the use of on-bill repayment, job creation, and outreach to customer classes that have not yet been served by the programs.
Status: Pending; Senate Energy, Utilities, and Communications Committee
SB 343 (DeLeon) Financing for All Sectors
This bill requires the CPUC 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

SB 998 (DeLeon) On-Bill Repayment
This bill requires the CPUC to require electrical corporations and gas corporations to develop an on-bill repayment program for eligible energy efficiency, renewable energy, and distributed generation investments financed by an agreement with a program partner. SB 998 requires either the corporation to treat any resulting shortfall in payment to be consistent with the rules established for a customer's failure to pay for electric or gas service. Additionally, the bill authorizes a program by smaller corporations.
Status: 5/21/12; Senate Appropriations Committee

DISTRIBUTED GENERATION

AB 864 (Huffman) 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 5 megawatts of that capacity and provides a limitation for incentives.
Status: Pending; Senate Appropriations Committee

AB 1302 (Williams) Mapping for Distributed Generation
This bill requires each large electrical corporation and local publicly-owned electrical utility to provide maps and 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 1990 (Fong) Small-Scale Generation
This bill would establish the small-scale renewable generation program with the goal of installing 375 megawatts of electrical generating capacity from small-scale renewable generation facilities, as defined, in the state's most impacted and disadvantaged communities. The bill would require the CPUC, in consultation with electrical corporations and interested stakeholders, to develop elements for the program that are applicable to electrical corporations and that achieve certain environmental justice objectives.
Status: 5/16/12; Assembly Appropriations Committee
AB 2135 (Blumenfield) Building Standards: Solar
AB 2135 requires the State Building Standards Commission, the State Department of Housing and Community Development, and the State Fire Marshal to cooperate in developing 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 buildings and to post the model and guidelines on their respective Internet Web sites.
Status: Second Reading; Assembly Floor

RENEWABLE ENERGY

AB 1214 (Skinner) Transmission Interconnection for Renewable Energy
This bill requires the Independent System Operator (ISO) and the CPUC 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

SB 1122 (Leno) Renewable Biomass and Biogas Projects
SB 1122 provides that unless and until the CPUC adopts methodology that accounts for the benefits to ratepayers and the environment from reducing air pollution and global warming emissions by generating electricity from specified sources of biogas and biomass, the commission shall, by a specified date, direct electrical corporations to collectively procure a minimum number of megawatts of electrical generating capacity from small renewable biomass and biogas electrical generating projects.
Status: Pending; Senate Appropriations Committee

POLICY

AB 2339 (Williams) Geothermal Heat Pump Policies
This bill requires the CPUC, 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: Pending; Assembly Appropriations Committee

SB 1409 (Pavley) Memorandum of Understanding with Department of Defense
This bill would require the Office of Planning and Research to enter into a memorandum of understanding with the United States Department of Defense on the implementation of complementary energy, environment, and procurement policies, including promoting the commercialization of clean energy technologies and the deployment of clean energy projects in the state. SB 1409 requires the office to provide assistance in resolving conflicts associated with research, development, and deployment of clean energy in the state by the Department of Defense.
Status: 5/21/12; Senate Appropriations Committee
**CAP AND TRADE**

**AB 2404 (Fuentes) Local Emission Reduction Program**
This bill creates the Local Emission Reduction Program pursuant to the Global Warming Solutions Act of 2006, permits moneys from the market-based compliance mechanisms be available for purposes of carrying out the Act. AB 2404 requires the State Air Resources Board, in coordination with the Strategic Growth Council and other entities, to provide local assistance grants to eligible recipients to develop and implement multi-benefit greenhouse gas emission reduction projects.
Status: 5/16/12; Assembly Appropriations Committee

**SB 1572 (Pavley) Cap and Trade Revenue Account**
This bill creates the Greenhouse Gas Reduction Account within the Air Pollution Control Fund and requires money collected pursuant to a market-based compliance mechanism to be deposited into the account. SB 1572 requires the moneys to be used to carry out the Global Warming Solutions Act of 2006 according to a final expenditure plan and for the purpose of achieving the goal of greenhouse gas emission reductions consistent with the Act. Additionally, this bill requires the development and adoption of a final plan through an open, public process.
Status: 5/21/12; Senate Appropriations Committee

**ALTERNATIVE FUEL VEHICLES**

**AB 523 (Valadao) Limitations for Ethanol Funding**
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: 6/12/12; 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 a specified amount 20 percent greater than rebates 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: Suspense File; Assembly Appropriations Committee

**SB 1455 (Kehoe) State Alternative Fuels Goals**
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: Suspense File; Senate Appropriations Committee
RESEARCH

AB 723 (Bradford) 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 CPUC to implement various elements relating to energy efficiency.
Status: Pending; Senate Energy, Utilities, and Communications Committee

AB 1303 (Williams) Renewable Energy Research
This bill increases the amount of money to be collected by the largest electrical corporations for renewable energy research, development, and demonstration programs. AB 1303 extends the authorization to expend money 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 2409 (Allen) Energy Efficiency Financing Research
This bill requires the State Energy Resources and Conservation Commission to review emerging technology financing models used in other states to finance energy efficiency technology deployments and services that maximize private sector investment in the state. AB 2409 authorizes the commission to establish and consult with an investment advisory group consisting of private and public investors.
Status: 5/16/12; Assembly Appropriations Committee

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 (CERT) 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

Key Staff Contact: Allison King, (619) 699-1973, Allison.King@sandag.org
STATUS ON PREVIOUS ENERGY WORKING GROUP ITEMS

Introduction

Two items that the Regional Energy Working Group (EWG) has discussed over multiple meetings are the San Diego Gas & Electric (SDG&E) General Rate Case Phase 2 (GRC-2) Application and property assessed clean energy (PACE) programs. Both items will be brought back to the EWG at future meetings. This report provides an update on the status of each.

SANDAG Involvement in the San Diego Gas & Electric General Rate Case Phase 2

At its April 24, 2012, meeting, the EWG recommended that the Regional Planning Committee (RPC) recommend to the Board of Directors that SANDAG submit a letter to the California Public Utilities Commission (CPUC) regarding the consistency of the SDG&E GRC-2 with the Regional Energy Strategy (RES) and Climate Action Strategy. At its May 4, 2012, meeting, the RPC discussed the GRC-2 as it pertained to meeting the RES goals and recommended that the Board of Directors submit a letter to the CPUC during a public participation hearing. In its motion, the RPC recommended that language be added in support of utilities receiving credit for rooftop solar systems as part of their renewable energy requirements. Although the RPC voted to make a recommendation, it was not unanimous. Reservations stated by members that abstained from the vote were related to:

- The appropriateness of SANDAG’s involvement in a regulatory proceeding pertaining to a local business (SDG&E),
- The level of detail in the draft letter, and
- A question of fairness for customers that did not own solar energy systems.

The Board of Directors is scheduled to address this item at its May 25, 2012, meeting. The outcome will be reported to the EWG at its June meeting.

Property Assessed Clean Energy Programs

At last month’s meeting, the EWG discussed PACE financing programs and whether SANDAG should submit a letter to the San Diego County Board of Supervisors supporting the timely implementation of an open-market commercial PACE program. The EWG was asked to provide staff with questions regarding PACE programs. Members are asked to provide staff with any additional questions at this EWG meeting. Questions will be submitted to PACE providers, whose responses will help guide the discussion of PACE financing planned for a future EWG meeting.

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