MEETING NOTICE AND AGENDA

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

Thursday, June 24, 2004
11:30 a.m. to 2 p.m.
SANDAG, 7th Floor Conference Room
401 B Street, Suite 800
San Diego, CA 92101-4231

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

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# ENERGY WORKING GROUP

Thursday, June 24, 2004

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>ACTION</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Welcome and Introductions</td>
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<td>2.</td>
<td>May 27, 2004 and June 11, 2004 Meeting Summaries</td>
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<td>Attached are the summaries from the May 27, 2004 Energy Working Group meeting and the June 11, 2004 Retreat. Please review and provide any comments on the summaries.</td>
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<td>3.</td>
<td>Public Comment and Communications</td>
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<td>Anyone who wants to address the EWG with items not on the agenda should do so at this time.</td>
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<td>4.</td>
<td>EWG Retreat Follow-up Items:</td>
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<tr>
<td>a)</td>
<td>Subcommittee Membership</td>
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<td></td>
<td>Attached is a list of the four subcommittees, including membership, that were formed at the EWG retreat.</td>
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<td>b)</td>
<td>Subcommittee Roles and Responsibilities</td>
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<td>Attached is summary of the subcommittee roles and responsibilities.</td>
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<td>c)</td>
<td>Regional Energy Strategy Revised Goals</td>
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<td>Attached is a draft version of the revised goals from the Regional Energy Strategy as discussed at the EWG retreat. The EWG should discuss how these revised goals would be used and incorporated into a future update of the Regional Energy Strategy.</td>
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<td>d)</td>
<td>Energy Efficiency Funds</td>
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<td>Attached is the revised draft letter regarding administration of the Public Goods Fee Energy Efficiency Funds that was prepared by the Ad Hoc subcommittee.</td>
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<td>The EWG should be prepared to discuss any changes to these items</td>
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<td>ITEM #</td>
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<td>5.</td>
<td><strong>Regional Energy Strategy and SDG&amp;E’s Long-Term Resource Plan</strong></td>
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<td>COMMENT</td>
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<td>SDG&amp;E and the San Diego Regional Energy Office will present a comparison of the Long-Term Resource Plan and the Regional Energy Strategy, including the Regional Energy Infrastructure Study (REIS) data. A detailed matrix comparing the two plans will be provided at the meeting and a PowerPoint will be presented. The EWG should discuss the similarities and differences and determine the need for a single coordinated energy plan, which will guide the EWG in setting goals and priorities.</td>
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<td>6.</td>
<td><strong>Reports of Subcommittees which have met before June 24 EWG meeting.</strong></td>
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<td>INFORMATION/RECOMMEND</td>
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<td>The new chairs of the subcommittees will report on what was addressed at their meetings and the structure they have selected to run their meetings.</td>
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<td>7.</td>
<td><strong>Suggested Meeting Topics for Next Meeting</strong></td>
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<td>RECOMMEND</td>
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<td>Energy Working Group members should suggest items to be discussed at the next, or future meetings.</td>
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<td>8.</td>
<td><strong>Next Meeting Date/Adjournment</strong></td>
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<td>RECOMMEND</td>
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<td>The next EWG meeting is scheduled for July 22, 2004 from 11:30 a.m. to 2 p.m.</td>
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+ next to an agenda item indicates an attachment.
June 11, 2004

TO: Energy Working Group

FROM: SANDAG Staff

SUBJECT: May 27, 2004 Meeting Summary

Members in Attendance:
Mayor Art Madrid, East Suburban Cities, Co-Chair
Councilmember Henry Abarbanel, North County Coastal, Co-Chair
Councilmember Mary Salas, Southbay
Councilmember Bob Campbell, North County Inland
Stephen Zolezzi, Food and Beverage Association
Irene Stillings, San Diego Regional Energy Office
Scott Anders, San Diego Regional Energy Office (Alternate)
Steve Hoffmann, San Diego Regional Chamber of Commerce
Alan Sweedler, San Diego State University Foundation
Robert Resley, San Diego Gas & Electric
Alan Ball, Qualcomm (Alternate)
Albert Huang, Environmental Health Coalition
Skip Fralick, Sierra Club
Jerry Butkiewicz, San Diego - Imperial Counties Labor Council

Others:
Ed VanHerik, San Diego Gas & Electric
Frank Spasaro, San Diego Gas & Electric
Keri Smith, San Diego Gas & Electric
Michelle Mueller, San Diego Gas & Electric
Robb Anderson, San Diego Gas & Electric
Rob Vanderleeden, San Diego Gas & Electric
Tom Blair, City of San Diego
Alejandra Gavaldon, City of San Diego
Sid Morris, City of Chula Vista
Michael Meacham, City of Chula Vista
Julie Gelfat, IBEW, Local 569
Alex Hart, IBEW, Local 569
Mike Smith, The Paradigm Group
Josh Teigiser, EDAW
Shirley Vaine, Citizen
David Huard, Manatt, Phelps & Phillips
Bob Leiter, SANDAG
Rob Rundle, SANDAG
Nan Valerio, SANDAG
Jennifer Cordeau, SANDAG
Kim Kawada, SANDAG
Tom Larwin, SANDAG
Julie Wiley, SANDAG
1. Welcome and Introductions
Mayor Art Madrid welcomed everyone and followed with self introductions.

Mayor Madrid acknowledged that some members met to try and develop a structure and process for the EWG. At all future meetings, there will be two specific items presented on the agenda. One will come from the requests of EWG members for future agenda items, and the other will be public comment on non-agenda item issues. Also, those from the public who wish to speak will have an opportunity to do so through speaker request slips. There was also the recommendation for the establishment of subcommittees. The following are some of the suggested topics for subcommittees: government and regulatory affairs, transmission and generation, renewable and new resources, funding the energy future, and local government. Discussion followed on the structure and membership of the subcommittees.

2. April 29, 2004 Meeting Summary
Motion. The motion carried to approve the Meeting Summary of April 29, 2004.

3. Public Comment and Communications
There were no comments from the public.

4. Energy Working Group Organization
Councilmember Henry Abarbanel provided an overview of topics that will be covered at the June 11 EWG retreat. The retreat will be held at Powerhouse Park from 9:00 a.m. to 4:00 p.m. Information on the background of the EWG, the goals and implementation strategy of the Group based on the Regional Energy Strategy (RES), and subcommittee structure are some of the items that will be discussed.

Councilmember Abarbanel spoke with Lori Holt-Pfeiler, Chair of the Regional Planning Committee (RPC), and she or a representative from that Committee will attend EWG meetings. He will attend the RPC meetings.

Alan Sweedler, SDSU Foundation, asked about the process of designating alternates to the EWG. It was decided that the individual member will designate their alternate. If an elected official is a member of the EWG, an elected official should also be the alternate.

5. Long-Term Administration of Energy Efficiency Funds
Scott Anders, San Diego Regional Energy Office, provided some background on energy efficiency funding. The public goods charge, which is funded by a dedicated surcharge on electric/gas bills, in this utility territory comes to about $37 million a year. Procurement funding was $50 million for 2004-05. These energy efficiency funds do not include demand response, distributed generation, renewable energy, or low-income energy efficiency programs. The Public Utilities Commission (PUC) set out a list of functions and criteria to make sure the same language was used universally. The administrator function will provide policy oversight, quality assurance, research and analysis in support of policy oversight, portfolio management of energy efficiency programs, management of portfolio level energy management, management of individual program energy management, will be the fiscal agent, and provide dispute resolution. These are all functions that need to be filled, but don’t have to be filled by one organization. The Commission is looking for a structure on how the whole function would work, and laid out criteria on how they would judge the structures that were proposed. The
criteria consisted of the following: promotes integrated resource planning and energy efficiency goals, organizational focus and mission, accountability and oversight, administrative effectiveness, and implementation considerations.

Five proposals were submitted to the CPUC on April 6: Efficiency California submitted by TURN, Integrated Portfolio Management submitted by the IOUs, Reaching New Heights: A 21st Century Framework for Energy Efficiency in CA submitted by the Natural Resources Defense Council (NRDC), California Standard Offer Program for Energy Efficiency submitted by Women’s Energy Matters (WEM), and Discrete Market Segment Focus submitted by UCONS. This proposal was not a full administrative proposal; it was concerned about a particular market segment. The IOU’s and NRDC merged in comments, so there are three main proposal structures. There has also been a multi-party agreement on evaluation, measurement, and verification (EM&V) and on the advisory body by some organizations. The Commission may pick one, none, or elements of each of the proposals submitted.

The Efficiency California proposal's salient elements include:

- A single-purpose, statewide Programs Administrator (PA) selects and administers energy efficiency programs. This body would administer funds for the whole State
- Formation of Energy Efficiency Advisory Committee (EEAC) to advise the Programs Administrator on program design, and selection
- The Programs Administrator does not implement programs
- A restructured CA Measurement Advisory Council (CALMAC) conducts all program and portfolio evaluation
- Any entity - except the PA - is eligible to implement programs
- No funding is set aside for specific implementer types (e.g. utilities or non-utility implementers)
- No incentives for PA

Frank Spasaro, San Diego Gas & Electric, provided an overview on the Reaching New Heights proposal and the California Standard Offer Program for Energy Efficiency proposal. Its salient elements include:

- IOUs administer programs with CPUC oversight
- Formation of Efficiency Solutions Team (EST)
- Formation of three regional Program Advisory Groups (PAGs)
- Formation of Measurement and Evaluation Council to set evaluation standards
- Office of Ratepayer Advocates (ORA) to hire experts to verify savings
- Incentives for IOUs to administer energy efficiency funds
- 20% minimum set aside for non-utility implementers

The California Standard Offer Program for Energy Efficiency proposal's salient elements include:

- Creates new "System Director", which could be CPUC, or CPUC could "delegate" (e.g., CEC) who would provide overall policy and set overall goals
- Allows for multiple administrators, for example local governments under AB117 (Community Choice Aggregation)
- Appears to cover only PGC funds (not procurement funds)
- Model is based on Texas program, where programs are "continuously available standard offers."
- Only 5% of funds available for "information" programs like Flex Your Power.
• Administrators cannot be implementers
• EM&V would be managed by the System Director
• Payments to implementers based on savings, which may be increased/decreased from the standard depending on the target of the savings (e.g., geographic demand reductions)

Discussion followed on the details of the proposals. Alan Sweedler stated there are items in each proposal that would benefit the region but unfortunately they are not in both proposals. It would be more beneficial to the region if the good elements could be pulled out to form the best proposal, rather than endorsing one or the other.

Irene Stillings, SDREO, stated there are some major areas where the proposals are different. The most significant one has to do with the issue of the mission of the administrative entity. One of SDREO’s objections with the Reaching New Heights proposal is having the utilities continue in that administrative role. The utilities have a mission of delivering power in a safe and reliable way to their customers with the intention of supporting their shareholders. Their mission is not energy efficiency. The mission of an independent implementer would be solely energy efficiency. The second issue is the idea of an independent administrator who doesn’t implement. Lastly, incentives don’t belong in energy efficiency.

Further discussion followed. Councilmember Abarbanel suggested that a subcommittee be formed to discuss the issue further, focusing on which parts of each proposal were best for the goals of the RES. The subcommittee should provide a specific recommendation to the Group at the retreat that could be passed on to the RPC. The subcommittee members include Alan Sweedler, Steve Zolezzi, Alan Ball, Jerry Butkiewicz, and will be chaired by Councilmember Salas.

Councilmember Salas noted she would like the Group to arrive at a decision today if possible. Of the points that Irene mentioned, the mission of the organization and the mission of the administrator is very important. There should be a separation between the administrator and the implementer. The issue of accountability cannot be stressed enough. There would be more accountability if control of the administrator was under a local body.

The Group agreed on forming a subcommittee to provide a recommendation on this issue at the retreat.

6. SDG&E’s General Rate Case Before the California Public Utilities Commission
Councilmember Salas stated that it is important for the Group to know why Chula Vista has chosen to partake in this case and to oppose SDGE’s $100 million cost of service rate increase before the PUC. The high and ever-increasing cost of energy in the SDGE service area creates a hardship on the region’s average household and places the City of Chula Vista and the entire region at a disadvantage as compared to the rest of California and most of the US. It also comes at a time when ratepayers have not yet recovered from the impacts of the 2000-01 energy crisis. SDGE continues to have the highest electricity rates among all private and public utilities in the State, the 3rd highest in the nation, and are increasing the disparity in their rates by filing for additional rate increases. A letter from the CPUC Independent Office of Ratepayer Advocates (ORA) summarizes their recommendation that not only the Commission deny SDGE’s request for an increase, but argues that they should be required to reduce the basis for their rates by more than $50 million. The City of Chula Vista, UCAN, and the Federal Executive Agency which represents the military and other federal agencies, filed comparable testimony on behalf of the
regions ratepayers. SDGE has not adequately requested the opinions and recommendations of local agencies and has taken provisions that are not consistent with the views expressed by SANDAG members and its Energy subcommittee findings. The City of Chula Vista is the only local jurisdiction involved in the rate case process. If SANDAG is going to have a voice in what will determine the regions rates for the next 5-10 years, it needs to take advantage of this opportunity and join the City of Chula Vista in calling for just and reasonable rates. To have its voice effectively heard, the region needs to participate in future CPUC workshops and proceedings in a timely and effective matter. Without that participation, SDGE will continue to create the perception that only the City of Chula Vista is concerned and the rest of the region is happy with SDGE's services. For some time, the City of Chula Vista has thought that this issue is critical for economic and environmental well-being of the whole region, and has asked David Huard of Manatt, Phelps & Phillips, to represent this case before the CPUC.

Bob Resley, SDG&E, stated that SDG&E has been a big supporter of the need for a regional energy strategy, and for SANDAG to be involved in the process of implementing the RES. It was never discussed in the RES to get involved in issues like a general rate case. It is not in the scope of this working group or SANDAG.

Ed Vanherik, SDG&E, stated that initially SDG&E's cost of service requested an $82 million increase, but there is now a pending settlement before the PUC that amounts to a $15 million decrease. The cost of service is a portion of the SDG&E budget that lists the expenses to run the natural gas and electric distribution systems. It includes the cost of adding infrastructure to serve the growing customer base of about 20,000 a year, provides customer information, billing, metering, and other services. Although the settlement provides for an overall rate decrease, the request does include additional funding to meet the rising costs of replacing aging infrastructure, training tomorrow's workforce, and more expensive pension and healthcare costs. There are some things that the cost of service does not include: the cost of electricity or natural gas, expenses related to programs such as low-income assistance or energy efficiency rebates, and the $640 million in capital costs for local generation that was requested and has been delayed by the PUC. SDG&E received several thousand requests for more information locally on the filing. The information in the filing was subject to 4 weeks of hearings before the PUC, and 2 public participation hearings in September 2003 that were held in San Diego and in San Clemente.

Julie Wiley, SANDAG, stated that in reviewing the SANDAG Board report wherein the Board created the EWG, it seems clear that the scope of the Group was to focus on energy planning, policy, and consensus building. It is not clear if this particular issue is within the view of what the Board gave the group authority to discuss. She will discuss with the Board members what they intended the scope of the EWG to be and will have a report to the Group at the retreat.

7. Regional Energy Strategy and SDG&E’s Long-Term Resource Plan
   Time constraints did not allow for discussion on this item.

8. Suggested Meeting Topics for Next Meeting
   Agenda item 6 and 7 will be discussed at the next meeting. Alan Ball, Qualcomm, noted that Joe Desmond, Governor Schwarzenegger's top energy advisor, is interested in attending the next EWG meeting.
9. **Next Meeting/Adjournment**
   The meeting was adjourned. The next regular meeting is scheduled for Thursday, June 24, 2004 from 11:30 a.m. – 2 p.m.
June 24, 2004

TO: Energy Working Group

FROM: SANDAG Staff

SUBJECT: June 11, 2004 Retreat Summary

Members in Attendance:
Councilmember Henry Abarbanel, North County Coastal, Co-Chair
Councilmember Mary Salas, Southbay
Councilmember Bob Campbell, North County Inland
Stephen Zolezzi, Food and Beverage Association
Irene Stillings, San Diego Regional Energy Office
Scott Anders, San Diego Regional Energy Office (Alternate)
Steve Hoffmann, San Diego Regional Chamber of Commerce
Ramsey Green, San Diego Regional Chamber of Commerce (Alternate)
Alan Sweedler, San Diego State University Foundation
Robert Resley, San Diego Gas & Electric
Frank Urtasun, San Diego Gas & Electric (Alternate)
Alan Ball, Qualcomm (Alternate)
Skip Fralick, Sierra Club
Bill Hays, Port of San Diego
Ralph Torres, Department of Defense
Jesse Dixon, San Diego County Water Authority

Others:
Tom Blair, City of San Diego
Michael Meacham, City of Chula Vista
Karl Schwarm, City of San Marcos
Scott Willet, San Diego County Water Authority
Shirley Vaine, Citizen
Kurt Kammerer, Consultant
Patti Kreb, IEA
Keri Smith, San Diego Gas & Electric
Athena Besa, San Diego Gas & Electric
Bob Leiter, SANDAG
Rob Rundle, SANDAG
Jennifer Cordeau, SANDAG
Shelby Tucker, SANDAG
1. **Welcome and Introductions**  
Councilmember Abarbanel welcomed everyone and followed with self introductions.

2. **May 27, 2004 Meeting Summary**  
The meeting summary was not approved at this meeting. It will be included with the June 24 meeting agenda for approval.

3. **Background to the Energy Working Group**  
Alan Sweedler, SDSU Foundation, provided background on energy planning in the San Diego region from 1980 to the present. In the 1980's SANDAG formed an ad hoc energy committee to discuss how the region could respond to the oil price hikes of 1979. A short report was prepared but no further action was taken. In 1992 SANDAG formed the Energy Advisory Committee (EAC) to again examine the region's energy needs. The EAC met for 2 years and produced the 1994 San Diego Regional Energy Plan, which was adopted by the SANDAG Board of Directors. The plan was the region's first comprehensive analysis of the energy sector, focusing on transportation, power generation, conservation, and renewable energy. The EAC recommended the establishment of a San Diego Regional Energy Office (SDREO) to implement the strategies in the 1994 Plan. In 1996-97, SANDAG, SDSU, and SDG&E partnered to establish the SDREO.

The collapse of electric restructuring and the 2001 energy crisis led to a strong desire within the region to have some form of local energy planning. In 2002, SDREO created the Regional Energy Infrastructure Study (REIS) in partnership with the City of San Diego, County of San Diego, Port of San Diego, San Diego County Water Authority, SANDAG, and UCAN. The REIS formed the analytical basis to update the 1994 Regional Energy Plan. SANDAG asked SDREO to convene a Regional Energy Policy Advisory Council (REPAC) to develop a new energy plan. The REPAC met for 18 months and developed the current Regional Energy Strategy (RES), which was adopted by SANDAG in July 2003. It also suggested options to implement the RES, in which SANDAG appointed an ad-hoc Energy Task Force to recommend which option was considered best for the region. The Task Force recommended the establishment of the Energy Working Group (EWG) to advise the Regional Planning Committee (RPC) on regional energy planning.

Irene Stillings, SDREO, presented additional information on energy planning in the region. The RES is a public policy document that sets goals driven by its vision and objectives. The RES vision is to create a more secure energy future for the region. Objectives of the Strategy include creating a new and enduring framework for regional energy planning, encouraging the development of clean, safe, energy and environmentally benign resources, ensuring fair distribution of energy costs, and providing an integrated approach to meeting the region's energy needs.

She provided recommendations on what the EWG needs to do now which include acquiring short and long-term funding, comparing the existing RES and SDG&E Resource Plan to reconcile differences, participating in the upcoming resource planning process, and determining priority issues.

Bob Leiter, SANDAG, provided a brief overview from the SANDAG perspective. The final recommendation from the Energy Task Force was that it would be feasible for SANDAG to take on the function of energy planning, but there was concern with how to fund it. The short-term
goal of the Group should be to come up with a permanent funding source and short-term issues to focus on. Discussion followed on the issue of funding for the Group.

4. **Key Goals of the Energy Working Group and Implementation Strategies**

Each of the goals in the RES was discussed and the Group voted to keep the goal as written or to rewrite it to better fit the goals of the EWG. The following is a summary list of the goals and the adopted changes. *Agenda item 4 of the June 24 meeting agenda will include a detailed summary of the revised goals and targets.*

**Goal 1:** Achieve and represent regional consensus on energy issues at the state and federal levels.
Goal approved as written.

**Goal 2:** Achieve and maintain capacity to generate 65 percent of summer peak demand with in-County generation by 2010 and 75 percent by 2020.
Goal approved as: Achieve and maintain sufficient power generation capacity to generate accommodate the region’s 65 percent of summer peak demand with in-county generation resources by 2010 and 75 percent by 2020.

**Goal 3A:** Increase the total electricity supply from renewable resources to 15 percent by 2010, 25 percent by 2020, and 40 percent by 2030.
**Goal 3B:** Of these renewable resources, achieve 50 percent of total renewable resources from resources located within the County
Goal approved as: Increase the total electricity supply from renewable resources with an emphasis on in-county installations.

**Goal 4:** Increase the total contribution of clean distributed generation resources (non-renewable) to 12 percent of peak demand by 2010.
Goal approved as: Increase the total contribution amount of clean distributed generation resources (non-renewable) in the region.

**Goal 5:** Increase the transmission system capacity as necessary to maintain required reliability and to promote better access to renewable resources and low-cost supply.
Goal approved as: Increase the transmission system capacity as necessary to maintain required reliability and to promote better access to renewable resources and competitively priced low-cost supply.

**Goal 6:** Reduce per capita electricity peak demand and per capita electricity consumption back to 1980 levels.
- Effects business, economic development, land use and transportation
  Goal approved as: Reduce per capita electricity peak demand and per capita electricity consumption by the following targets back to 1980 levels.

**Goal 7:** Develop policies to insure an adequate, secure, and reasonably priced supply of natural gas to the region.
Goal approved as: Develop policies to insure an adequate, secure, and reasonably competitive priced supply of natural gas to the region.
Goal 8: Reduce regional natural gas per capita consumption by the following targets: 5 percent by 2010, 10 percent by 2020, and 15 percent by 2030.
- Need to look at sector analysis
Goal approved as written.

Goal 9: Complete a transportation energy study by June 2004 to evaluate the potential savings through more efficient use of transportation technology and fuels.
Goal approved as: Include energy elements of transportation sector into Regional Comprehensive Plan and Regional Transportation Plan planning processes.

An additional goal was adopted as Goal number 10 to recommend to the RPC a set of implementation actions in political authority and funding in regards to the RES.

Goal 10: Define the political authority and sustainable funding sources necessary to implement the Regional Energy Strategy and identify the appropriate implementation strategies.

5. Energy Efficiency Administration Structure Follow-Up and Recommendation
Councilmember Salas provided an overview of the ad-hoc subcommittee’s recommendation. The subcommittee wanted to highlight the following in the draft letter to the CPUC: 1) local control of programs; 2) separation of administration and implementation; and 3) the need for more public input into programs. The subcommittee also recommended that the Group take the position of the letter to other cities outside of San Diego County to join the EWG in approaching the CPUC. The Group noted that language that could be added to the letter was that anyone qualified to implement programs would be eligible to apply. Discussion followed on the 20 percent set aside and the role of the administrator and the implementer.
Councilmember Abarbanel asked that the subcommittee create a second draft letter with clarified language, circulate it to the Group, and have a final ready to take to the RPC at the June 24 meeting.

(see discussion below)

7. Work Plan for the Energy Working Group
The Group decided to consolidate items 6 and 7. The following is a summary of the subcommittee structure and responsibilities. *Agenda item 4 of the June 24 meeting agenda will include a detailed summary of the subcommittee roles and responsibilities.*

**Purpose:** The purpose of the subcommittees is to advance the agenda of the EWG.

**Scope:** Defined by the subject area of the subcommittee.

**Membership:** Official members of the subcommittee are EWG members or representatives of EWG member agencies.
- Members can belong to only one subcommittee
- Need for expertise on the subcommittee
- Members need to come to consensus to bring recommendations to the EWG
Governance:
- Meetings will be open to the public (check)
- Structure similar to EWG – each subcommittee will have a Chair
- The Subcommittee will decide how public comment is received
- Report/progress report required to EWG on assignments
- Recommendations to the EWG need to be in writing
- Meet a minimum of once a month (meetings can occur via e-mail of conference call)

Proposed Subcommittees

Government and Regulatory Affairs
- Track/understand legislation and regulation
- Recommend action and prioritize
  - Levels of intervention
    - Intervene
    - Testimony
    - Comments
    - Letter
    - Advocacy
- Regional/local focus
- Local government
  - From League of California Cities
  - Impacts on competitiveness
  - Benchmarking
  - Liaison
  - More Micro

Motion: The motion carried to approve establishing this subcommittee as a public policy committee to discuss federal, state, and local issues.

The Group discussed the following options for the proposed transmission/generation and renewable and new resources subcommittees:

1. A large resource plan subcommittee
2. One renewable, customer side subcommittee and one renewable, supply side subcommittee

Motion: The motion carried to approve number 2 above.

From the subcommittee discussion, four subcommittees were formed: Public Policy, Supply Side, Customer Side, and Funding.
Subcommittee Membership

Public Policy
Alan Ball, Qualcomm
Councilmember Bob Campbell, North County Inland
Steve Hoffman, San Diego Regional Chamber of Commerce (subsequently switched to customer side)
Irene Stillings, SDREO
Alan Sweedler, SDSU Foundation

Supply Side
Bill Hays, Port of San Diego
Bob Resley, SDG&E
Scott Willett, San Diego County Water Authority
Albert Huang, EHC (added after retreat)

Customer Side
Councilmember Henry Abarbanel, North County Coastal (subsequently switched to Public Policy)
Skip Fralick, Sierra Club
Ralph Torres, Department of Defense

Funding
Mayor Art Madrid, East Suburban Cities
Steve Zolezzi, Food and Beverage Association

The subcommittees should meet before the June 24 meeting.

8. Adjourn
The meeting was adjourned. The next regular meeting is scheduled for Thursday, June 24, 2004 from 11:30 a.m. – 2 p.m.
ENERGY WORKING GROUP SUBCOMMITTEES

The following four Subcommittees were formed at the June 11, 2004 Energy Working Group Retreat. Energy Working Group members who were unable to attend the retreat should indicate on which subcommittee they would like to serve.

Public Policy Subcommittee

- Alan Ball
- Irene Stillings
- Bob Campbell
- Alan Sweedler
- Henry Abarbanel

The San Diego Regional Energy Office will provide staff support to this subcommittee.

Resource Planning – Supply Side (Generation and Transmission) Subcommittee

- Bill Hays
- Bob Resley
- Scott Willet
- Albert Huang

Rob Rundle from SANDAG will provide staff support to this subcommittee.

Resource Planning – Demand Side (Renewables and DG) Subcommittee

- Skip Fralick
- Ralph Torres
- Steve Hoffman

Rob Rundle from SANDAG will provide staff support to this subcommittee.

Funding Subcommittee

- Art Madrid
- Steve Zolezzi

Bob Leiter and Kim Kawada from SANDAG will provide staff support to this subcommittee.
EWG Subcommittees

Roles and Responsibilities

Subcommittee Role / Authority

- Develop deeper background on issues assigned to the subcommittee
- Solicit input by the public as necessary
- Share knowledge gained with other EWG members and report findings and recommendations
- Understand, sort out, and package issues, positions, and alternatives for presentation and discussion at the EWG - subcommittees should identify alternatives and make recommendations, as appropriate
- Does not vote, take positions, or otherwise determine outcomes on issues; this is the role of the EWG, Regional Planning Committee, and SANDAG
- Makes recommendations, by vote or consensus, to the EWG on positions. EWG discusses these recommendations and passes them on to the Regional Planning Committee and the SANDAG Board of Directors.

Subcommittee Membership

- Open only to entities designated as EWG members
- The individual who serves from each entity does not have to be the same individual that represents the entity at the EWG
- EWG members can only serve on one subcommittee

Governance

- Meetings will be open to the public
- Each subcommittee will select a chair and define how meetings will be run
- Subcommittees will report to the EWG in writing or by oral presentation
GOAL 1: Achieve and represent regional consensus on energy issues at the state and federal levels.

GOAL 2: Achieve and maintain sufficient power generation capacity to generate accommodate the region’s 65 percent of summer peak demand with in-county generation resources by 2010 and 75 percent by 2020.

Targets for this goal are 65 percent of summer peak demand by 2010 and 75 percent by 2020.

GOAL 3: Increase the total electricity supply from renewable resources with an emphasis on in-county installations.

The targets for the total amount of renewable resources for this goal are 15 percent by 2010 (~740 MW), 25 percent by 2020 (~1,520 MW) and 40 percent by 2030 (~2,965 MW).

The target for the total in-county renewable resources is 50 percent or

GOAL 3B: Of these renewable resources, achieve 50 percent of total renewable resources from resources located within the County. ~370 MW by 2010, ~760 MW by 2020, and ~1,483 MW by 2030.

GOAL 4: Increase the total contribution amount of clean1 distributed generation resources (non-renewable) in the region.

The targets for the total clean distributed generation resources are 12 percent of peak demand by 2010 (~590 MW), 18 percent by 2020 (~1,100 MW) and 30 percent (~2,225 MW) by 2030.

GOAL 5: Increase the transmission system capacity as necessary to maintain required reliability and to promote better access to renewable resources and competitively priced low-cost supply.

GOAL 6: Reduce per capita electricity peak demand and per capita electricity consumption by the following targets back to 1980 levels.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2020</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Electricity</td>
<td>4%</td>
<td>9%</td>
<td>14%</td>
</tr>
<tr>
<td>Peak Demand Reduction</td>
<td>Reduction</td>
<td>Reduction</td>
<td>Reduction</td>
</tr>
<tr>
<td>Target MW Reduction2</td>
<td>515</td>
<td>1,742</td>
<td>3,556</td>
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<tr>
<td>Per Capita Electricity</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Consumption Reduction</td>
<td>Reduction</td>
<td>Reduction</td>
<td>Reduction</td>
</tr>
<tr>
<td>Target GWh Reduction3</td>
<td>1,987</td>
<td>6,289</td>
<td>12,548</td>
</tr>
</tbody>
</table>

Note: EWG intends to break this goal out by sectors: residential, industrial, and commercial.

GOAL 7: Develop policies to insure an adequate, secure and reasonably competitively priced supply of natural gas to the region.

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1 Clean distributed generation resources refer to all non-renewable distributed generation applications that meet the CA PUC Code 218.5 and other relevant APCD requirements.
2 Assumes the Base Case REIS growth rate of 2.3 percent growth in electricity demand prior to savings.
3 Assumes the Base Case REIS growth rate of 2.0 percent growth in electricity consumption prior to savings.
GOAL 8: Reduce regional natural gas per capita consumption by the following targets: 5 percent by 2010 (70 MM therms), 10 percent by 2020 (190 MM therms), 15 percent by 2030 (387 MM therms). Note: EWG intends to break this goal out by sectors: residential, industrial, and commercial.

GOAL 9: Complete a transportation energy study by June 2004 to evaluate the potential savings through more efficient use of transportation technology and fuels.

GOAL 9: Include energy elements of transportation sector into Regional Comprehensive Plan and Regional Transportation Plan planning processes.

GOAL 10: Define the political authority and sustainable funding sources necessary to implement the Regional Energy Strategy and identify the appropriate implementation strategies.
July 24, 2004

California Public Utilities Commission  
PUC State Building  
505 Van Ness, 4th Floor  
San Francisco, CA 94102

Dear President Peevey and Commissioners:

The San Diego Association of Governments (SANDAG) has recently been made aware that the California Public Utilities Commission (CPUC) is reviewing proceeding R.01-08-028 regarding a statewide structure for application and administration of Public Goods Funds, with a decision anticipated in August 2004. The purpose of this letter is to convey to the CPUC that SANDAG, which represents all 18 cities and the County of San Diego, considers energy planning in general, and the application and administration of Public Goods Charges (PGC) specifically, as a critical element to an effective energy plan. SANDAG is aware that the CPUC has not been informed of its recent effort to develop an energy strategy and action plan for the San Diego region. This letter will describe those efforts and also, briefly outline our recent efforts to develop an energy plan that addresses the energy needs of the region as well as compliments the actions of the State pertaining to the delivery of energy.

Currently, more than $37 million in Public Goods Charges are collected annually for energy efficiency programs from ratepayers in the SDG&E territory, comprised primarily of the 19 agencies that makeup SANDAG. As indicated above, SANDAG has developed an energy strategy that addresses local generation and infrastructure needs required to enhance energy reliability and complement the development of renewable energy for the San Diego County region. A component of that plan is the utilization and administration of the PGC dollars, a current topic of discussion of the SANDAG Energy Working Group. As a group, SANDAG is keenly interested in the development of a PGC program that embodies the following principles:

- Local energy efficiency programs should be consistent with the guidelines established by the CPUC.
- The local administrator should not be eligible to apply for, and implement, PGC programs. This separation of duties will prevent the administrator’s inherent bias toward its own programs from potentially preventing the implementation of programs that reflect the desires/needs of the region.
- The PGC program should be administered without incentives to the local administrator, thus enhancing the availability of funds for new and innovative programs.
- The PGC program should be administered by a regional entity whose mission is closely aligned with the goals of energy conservation, energy efficiency and energy education. The San Diego region is unique in the state because the investor-owned utility’s service territory is closely aligned with the jurisdictional boundaries of the county and creates the opportunity for the
implementation of innovative approaches that positively impact the region’s, if not the State’s, energy problems.

• A strong local involvement in decisions about administration and implementation of PGC programs, including accountability that reflects the energy needs of the local communities. Such accountability will ensure that the best energy efficiency programs are being implemented in, and reflect the needs of, the San Diego region. This can only be done by integrating local decision makers and stakeholders, most familiar with local needs, into the program planning and delivery process.

SANDAG has a working transportation funding model that reflects many of the principles outlined above and has proven successful and responsive to local needs. A similar model is one option that could be used to implement PGC programs.

Although not the subject of this letter, SANDAG has also completed a Regional Energy and Infrastructure Study and Regional Energy Strategy that address the energy and infrastructure needs of the San Diego Region now and through 2030. This was accomplished through a collaborative process that included representatives of the local municipalities, large and small business, environmental groups, educators and the public. The Study was adopted in July 2003. The SANDAG Energy Working Group is meeting to determine how to best implement that strategy. The Study addresses a wide variety of issues including energy efficiency programs, the repowering of two existing generating facilities, the construction of two new generating facilities, the construction of new, local transmission facilities, the reduction on the reliance of transmitted energy, the development of renewables, the implementation of energy conservation measures and more. It is a comprehensive strategy that reflects local energy needs and calls for a comprehensive planning and implementation program that is sensitive to the environment and while addressing local energy requirements. It is our hope that this brief description will entice the CPUC to want to know more about the Study when creating energy policy that affects the San Diego region.

On behalf of the agencies that makeup the San Diego Association of Governments I would like to underscore our local energy polices. I hope this letter demonstrates our region’s commitment to energy planning, and the added value the region is prepared to bring to the administration and implementation of Public Goods Charge programs, based upon the principles listed above. Thank you in advance for your efforts on our behalf and for considering this letter in your deliberations regarding the Public Goods programs.

Sincerely,

HON. RON MORRISON
Chairman, SANDAG Board of Directors