

September 7, 2011

The Honorable Alex Padilla, Chair  
Senate Committee on Energy, Utilities  
and Communications  
State Capitol, Room 4038  
Sacramento, CA 95814

The Honorable Steve Bradford, Chair  
Assembly Committee on Utilities  
and Commerce  
State Capitol, Room 5136  
Sacramento, CA 95814

**RE: Public Goods Charge Reauthorization – Support if Amended**

Dear Chairmen Padilla and Bradford:

On behalf of the National Association of Energy Service Companies (NAESCO), I write to express our support, if amended, of the reauthorization of the public goods charge (PGC), and in particular the energy efficiency and public energy research programs that the charge funds.

NAESCO is a national trade association whose mission is to promote efficiency as the first priority in a portfolio of economic and environmentally sustainable energy resources and to encourage customers and public officials to think energy efficiency first when they are making energy resource procurement or energy policy choices. NAESCO numbers among its members some of the world's leading energy services companies, including: AECOM Energy, Ameresco, Burns & McDonnell, CCI Group, CM3 Building Solutions, Chevron Energy Solutions, Clark Energy Group, Clear Energy Contracting, Comfort Systems USA Energy Services, ConEdison *Solutions*, Constellation New Energy, Control Technologies and Solutions, Eaton Corporation, Energy Solutions Professionals, Energy Systems Group, Excel Energy, FPL Energy Services, Green Campus Partners, Hess Corporation, Honeywell, Johnson Controls, McClure Energy, NORESKO, NXEGEN, Onsite Energy, Pepco Energy Services, Schneider Electric, Siemens Industry, Synergy Companies, Trane, UCONS, and Wendel Energy Services. Its members also include many of the largest utilities in the United States: Duke Energy, the New York Power Authority, Pacific Gas & Electric, and Southern California Edison.

NAESCO member companies have delivered billions of millions of dollars worth of energy efficiency (EE), demand response (DR), renewable energy (RE) and distributed generation (DG) projects to hundreds of California commercial, institutional and industrial customers, and tens of thousands of residential customers, during the past twenty years. Our projects have produced tens of thousands of person-years of employment in the construction industry.

We urge that the final PGC bill text incorporate the following components to ensure the PGC's continued success in boosting the California economy and creating jobs:

1. **Flexibility in energy efficiency retrofit strategies:** Flexibility is critical for market innovation in the face of diverse customer needs. Though important, financing is just one tool in the complete portfolio of solutions needed to overcome the dynamic market barriers to deeper energy efficiency savings. Customer-funded efficiency programs must be adaptable and flexible. The PGC funds must be used to support an integrated package of energy efficiency delivery strategies, including consumer incentives, education and training, audits, technical assistance, and access to products and services although the ultimate focus of the evaluation of PGC funding success must be the achievement of measurable and long term energy savings.
2. **Research, development, and deployment must accommodate the range of needed efficiency advancement.** Energy efficiency is California's least-cost energy resource and developing new technologies and facilitating market deployment of those technologies must remain a priority research area of the PGC program. However, the program scope also must be broad enough to address non-technological market barriers and advance practices or processes that will enable achievement of ambitious energy savings. If the current PIER program is abolished in favor of a new RD&D program, there should be a smooth transition to ensure that critically important ongoing research and current contracts are not suspended while the new program is developed.
3. **PGC funds must be used for their intended purposes.** All PGC funds must be explicitly protected from budget appropriation to unrelated purposes. This re-appropriation of public good charge funding to support programs and initiatives unrelated to the purposes for which the funding was intended has been a disturbing development in California. These funding "grabs" are of questionable legality and moreover, threaten the achievement of the energy savings objectives that were the basis of the establishment of these PGC funding programs. Stability in funding streams is paramount to establishing California's continued national leadership in energy efficiency.

We urge your support for PGC reauthorization, with the above considerations, to ensure the state's efficiency efforts continue to drive economic development, job creation, and ensure billions of dollars of consumer savings throughout California.

Sincerely,



Donald Gilligan  
President

