



**Local
Government
Commission**



December 12, 2007

TO: Dian Grueneich, Commissioner, CPUC

FROM: California State Association of Counties (CSAC)
Local Governments for Sustainability (ICLEI)
Institute for Local Government (Institute)
League of California Cities (League)
Local Government Commission (LGC)

DATE: December 11, 2007

RE: Comments for Local Government Stakeholder Meeting – December 17, 2007
Energy Efficiency Strategic Plan

Our five organizations offer the following comments and suggestions for consideration as the CPUC moves forward in the strategic planning process. (Information about our organizations is included at the end of this document.) The goal of the document is to explore how local governments (cities and counties) and our organizations collectively can help promote energy efficiency and conservation through collaboration with the CPUC and the investor-owned utilities that will ultimately reduce greenhouse gas emissions. If the CPUC chooses to include these suggestions in the public goods project guidelines, our five organizations are uniquely qualified and strategically positioned to engage with cities, counties and investor-owned utilities (as well as municipal utilities) in collaborative projects to make the effort a success.

Note: In proposing the following, we do not suggest reducing funding of the excellent local government projects that are currently receiving public goods charge funding from the utilities. Rather, we wish to enhance and expand those efforts.

CREATING INNOVATION AND COMMITMENT

Assisting Early Adopters in Demonstrating Bold Success. The history of energy policy in California demonstrates that innovations are almost always introduced by top-level decision makers (e.g., mayors, city council members, county supervisors, county administrators, and city managers). To lead, early adopters need inspiration, policy ideas, and networking/peer support. Self-identified, early adopters tend to value their leadership role and continue to pursue new opportunities. Targeted assistance directed at key leverage points can help to unleash their innovation potential, creating models for replication in other cities and counties throughout the state.

Opportunity: LGC and ICLEI have been successfully assisting the development of cutting edge leadership and the implementation of new programs since the early 1980s. The conferences, networking, research and technical assistance that has been directed toward this leadership audience, approximately 15% of California local governments, has been important in advancing progress towards embracing energy efficiency. Since the mid-1980s, the League and CSAC have been involved in providing energy conservation and efficiency information to elected and appointed officials in every city and county in California, not just the early adopters. Both types of outreach activities are needed if California is to develop the “Big Bold Initiatives” and “out of the box thinking” required for meeting the challenging goals of AB 32.

Developing New Commitments and New Leaders. The number of local government actors pursuing aggressive energy efficiency and conservation policies must continue to expand significantly. This can be achieved, in part, by promoting and fostering leadership in areas with the potential to motivate broad action. Local governments are positioned to play an increasingly important role through local action and engagement with their residents and businesses. By developing and disseminating tailored messaging, tools and recognition opportunities, it is possible to engender significant new local government commitment and leadership.

Achieving this goal will require engaging the large numbers of cities and counties that have limited experience participating in energy efficiency activities but are open to undertaking more projects with the appropriate nudge – including financial incentives, technical assistance, tools, and peer-to-peer learning from those with more experience. An element of any activity to encourage more cities and counties to participate in energy efficiency programs will be to identify potential barriers that might prevent or limit the ability of a city or county to participate in utility and other programs and find ways to reduce the barriers or work with city and county officials to help them work through their concerns.

Opportunity: The League, CSAC and the Institute have the means and potential to perform outreach to a significant portion of local governments in the state that have not yet self-selected into leadership roles on energy issues. In the process, our organizations can help to identify barriers to participation and help local agencies to overcome those barriers. By utilizing tools and resources, including those developed by ICLEI and LGC,

along with new tailored materials, our organizations can help to greatly expand the tent of local government action on energy efficiency in California.

MOVING FROM INNOVATION TO STANDARD PRACTICE AND INSTITUTIONALIZATION

Moving Beyond the Crisis Mentality. In 2000 and 2001, California was experiencing its second energy crisis in two decades. During the 2000-2001 energy crisis, local governments across California successfully rallied to both conserve energy and to generate clean renewable energy. During that time, the League, CSAC and LGC played leadership roles in working with state agencies, the utilities, and cities and counties to respond to energy shortages facing the state. However, with the passing of that crisis, many innovative local governments programs that were developed expired or were scaled back, with a few notable exceptions. Although some new conservation and energy management activities did become routine practice, it is important that we take further steps to foster an institutionalized culture within local governments of taking local action on energy issues centered on notions of responsibility and opportunity rather than crisis.

Providing Valuable Tools and Resources. Local governments have the potential to take significant action to reduce energy use within their respective communities through local projects and policies, but need assistance and guidance on how to identify opportunities and pursue implementation. Targeted tools and resources can empower local governments to take action using existing resources and to better utilize external resources (e.g., utility program funds).

Opportunity: ICLEI will launch a new online resource in early 2008 that will enable local agencies to both report their own and learn about their colleagues' experiences in implementing various best practices for reducing energy use and greenhouse gas emissions. This resource will feature a large online library of emissions reduction strategies, including benefits calculators and links to peer case studies and tools, as well as a decision support tool helping local governments to develop prioritized climate action plans tailored to their local circumstances based on the reported experiences of their peers. This publicly available tool has the potential to serve as a central resource advising local governments on energy strategies for local implementation.

Opportunity: LGC, ICLEI and the Institute are seeking funds to update the *Energy Aware Planning Guide* to promote current best practices and make it more relevant to reducing greenhouse gas emissions. An update of this 1992 document could provide a menu of the multiple policy and program opportunities for local governments to reduce energy use in their communities through such actions as modifications of internal operations, land use planning, and projects that assure the quality and quantity of the water supply. An important element of the "how" includes not only the policies and practices themselves, but also building community support for such policies. The updated guide would also offer an analysis of the economic impact and greenhouse gas emission reduction potential of each strategy.

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Opportunity: ICLEI, LGC and the Institute have decades of experience developing targeted implementation guidance documents on specific subjects (e.g., establishing a local energy efficiency revolving loan fund, generating electricity from landfill methane, promoting affordable compact and efficient housing development, conserving farmland and open space, and greening fleet vehicles). Tremendous potential exists to develop stand-alone planning and implementation guidance on detailed methods for reducing energy use, for example, through modifications of building and zoning codes to reflect changes in technology and new planning and water management concepts. Multiple opportunities exist to share these reports with cities and counties.

Sharing Information and Best Practices. The value of peer-to-peer information sharing in the diffusion of innovation in local government cannot be underestimated. Support should be directed to enable local leaders to serve as speakers at regional and statewide workshops for local officials, participate in information-sharing networks and databases, and generally contribute to the body of collective knowledge among local agency officials in this area.

Opportunity: Ongoing membership network meetings of ICLEI and LGC and statewide and regional meetings of the League and CSAC are ideal venues for sharing best practices and offering targeted training opportunities delivered by peer leaders. These activities, as well as the Institute's CCAN local official peer networking program, would benefit from the work of LGC and ICLEI and the investment of additional resources.

Opportunity: Both LGC and ICLEI have expertise and experience in organizing targeted training workshops for local government staff and elected officials and would benefit from additional support for their efforts. The League and CSAC also regularly provide training to their respective memberships on a variety of issues, including energy, land use and the environment, a number of which are organized by the Institute.

Opportunity: ICLEI is currently developing a new web-based information sharing platform linked to an energy and climate action planning tool that will feature subject and region-specific peer discussion areas through which local governments will have the opportunity to exchange information on detailed strategies for reducing energy consumption. Further support could make this peer-to-peer information exchange platform more robust in both functionality and pre-seeded content.

Creating Incentives for Participation. While providing knowledge of how to reduce energy use is important, it is also critical to motivate action on the part of key actors, including local government staff and elected officials. Local governments need performance standards to strive for and are motivated by the opportunity receive recognition for their leadership.

Opportunity: To both recognize and reward the early adopters and expand the implementation of their cutting edge programs to other communities, the Institute has initiated a statewide climate change program, the California Climate Action Network (CCAN). It includes a peer networking and recognition program for local agencies that make a meaningful commitment to reduce greenhouse gas emissions through, among

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other actions, aggressive energy efficiency and conservation and alternative energy programs, as well as smart growth and transportation measures designed to reduce the community's carbon footprint. An express goal of the Institute's program is to assist, inspire, catalyze and incentivize actions by a broad range of local officials to lead in adopting and implementing greenhouse gas reduction programs in their communities.

Participation in the program will involve preparing and implementing a greenhouse gas emissions reduction plan, which will be reviewed by the Institute to assure that the plan passes muster. In developing their plans, local agencies will be able to select from a "best practices" matrix of policy options to pursue in reducing energy use and greenhouse gas emissions. The Institute has collaborated with both investor-owned and publicly-owned utilities in developing the program and the investor-owned utilities are working on harmonizing the various energy efficiency programs they are offering so they can be promoted on more of a statewide basis through CCAN. Participation in CCAN, which will include specific energy reduction targets, will result in measurable energy use reductions, thus helping the utilities meet their greenhouse gas emissions targets. To keep the program accessible to all local agencies, the Institute is seeking funding to support local agencies' participation in the CCAN recognition program.

Opportunity: Local governments that demonstrate a high level of performance through the Institute for Local Government's CCAN program and/or have progressed through the 5 Milestones of ICLEI's Climate Protection program could be given priority for receiving utility financial and/or technical assistance, as well as for other state agency resources, including grants, loans or technical support.

Building Local Capacity. Local capacity constraints represent one of the biggest impediments to increased adoption of energy efficiency and conservation practices. While financial resources needed to implement new actions are critical, so too are staff resources needed to assess opportunities and coordinate the implementation of new projects and policies. Local staff capacity is needed to monitor energy use, search for program opportunities, and oversee the implementation of retrofits, upgrades, installations or paperwork. In the early 1980s, 122 cities had staff positions for energy coordinators. Today, their numbers have been reduced to a handful, although it is unclear how many communities have combined responsibility for energy management with other areas. For many small local governments, assessing and acting upon opportunities to reduce energy consumption is a difficult or impossible task.

Opportunity: LGC has helped to create regional entities that provide centralized coordinating capacity to assist local governments monitor and identify opportunities to reduce energy consumption. Local governments can jointly share this responsibility through a regional entity, such as the California Center for Sustainable Energy, Redwood Coast Energy Authority, Ventura County Regional Energy Alliance, or through offering combined services, such as the Marin Energy Management Team. Financial and technical support to assist those groups of cities and counties that wish to form new regional energy entities can help promote innovation, capacity and information sharing. Also, support for information sharing among these regional energy entities and between

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these entities and other local governments would also assist to build local capacity statewide.

Opportunity: ICLEI is currently providing in-house support to local government staff toward measuring past, current, and future greenhouse gas emissions and assisting the development and implementation of programs, policies and plans that will reduce greenhouse gas emissions to the level required by AB 32. Due to resource constraints, ICLEI is primarily able to provide services only to its own local government members. Additional resources could enable ICLEI to offer this capacity-building assistance to a wider audience of local governments throughout the state.

Building Awareness Through Direct Implementation. Many local governments lack the knowledge, resources and commitment to take action.

Opportunity: Offering turnkey local programs, especially in communities with low rates of participation in energy programs, can help to educate and inspire new local action.

MAXIMIZING EFFECTIVENESS OF FUNDING AGREEMENTS

We understand that the energy conservation and efficiency programs are administered through contractual agreements with the investor-owned utilities. We would respectfully suggest that support for any statewide efforts that include all or some of the above ideas be structured through an agreement between the **all** of the participating utilities and the particular nonprofit organization(s) taking the lead on a given program element, so that the utilities equally “own” the effort and local governments across the state will have equal access to them. This will also facilitate information sharing.

CONCLUSION

Our five organizations would be happy to explore the above suggestions in more detail. We will have representatives in attendance at the December 17 CPUC meeting addressing local governments and the California Energy Efficiency Strategic Plan.

Our organizations are committed to helping local agencies and the communities they serve to conserve energy and thus significantly reduce greenhouse gas emissions in ways that are measurable. We are also committed to maximizing the reach of the investments of resources in our efforts by avoiding unnecessary duplication of effort. Each of our organizations have complementary but differing networks through which we can collectively reach the broadest range of local officials to help them understand the critical role they can play in reducing energy consumption and addressing greenhouse gas emissions.

Thank you for the opportunity to share these concepts with you and others at the CPUC. We look forward to working with you in the future.

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ABOUT OUR ORGANIZATIONS

California State Association of Counties – Established in 1895, the California State Association of Counties (CSAC), is a nonprofit corporation with the primary purpose of representing the state's 58 counties before the California Legislature, administrative agencies and the federal government. CSAC is committed to assisting California counties in providing a vital and efficient system of public services for the general health, welfare and public safety of every resident. County governments spend in excess of \$30 billion a year and comprise a work force of more than 280,000 professionals. Each day county government directly or indirectly touches the lives of every Californian.

In respect to energy matters, CSAC has encouraged counties to undertake vigorous energy action programs that are tailored to the specific needs of each county. CSAC's recently adopted climate change policy recommends that counties: (1) assess available conservation and renewable and alternative energy options and take action to implement conservation, energy efficiency and renewable energy development when feasible; (2) consider the incorporation of energy policies as an optional element in the county general plan; and, (3) consider energy concerns when making land use decisions and encourage development patterns which result in energy efficiency.

ICLEI- Local Governments for Sustainability – ICLEI is a membership association of local governments committed to advancing climate protection and sustainable development. Since its inception in 1993, ICLEI has grown to include nearly 1,000 local governments around the world, more than 350 of which are in the United States. To help members achieve tangible reductions in greenhouse gas emissions and environmental impacts, ICLEI provides: tools, technical expertise, software training, policy assistance and national and international peer networks. ICLEI member local governments reduced their greenhouse gas emissions by 23 million tons in 2005 alone. This translates into about \$600 million in annual cumulative savings, largely on energy expenditures. Local governments have led the effort in recent years to envision, accelerate and achieve strong climate protection goals, and ICLEI is proud to support and facilitate their efforts to create cleaner, healthier, economically viable communities.

Institute for Local Government – Founded in 1955, the Institute is the 501(c) (3) research affiliate of the League of California Cities and the California State Association of Counties. The Institute serves as a trusted source of cutting edge information to California city and county officials. Current Institute program areas include: climate change, civic engagement and collaborative governance, land use and house, communities for healthy kids, public service ethics, and health and the built environment. The Institute includes staff who have decades of experience in energy policy, energy efficiency and conservation, land use planning and sustainable development, and working with cities, counties, and public and private utilities.

League of California Cities – The League of California Cities is an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities. Founded in 1898 on the principles of local control and interagency cooperation, the League has grown from a handful of public officials to include the voluntary membership of 478 California cities. Based upon one of four elements in its newly adopted 2008 strategic plan, League is strongly committed to advocating policies that support sustainable communities across our state that help build a strong economy, protect our environment and advance social equity through a variety of means, including by leading in the development of state and local policies, strategies and programs to protect the environment and reduce greenhouse gas emissions through more efficient and sustainable land use and building practices, increased energy efficiency and use of alternative/renewable energy sources, improved water supply and wastewater treatment system efficiencies, expanded public transit opportunities and innovations in other city operations.

Local Government Commission – The LGC was established in 1979 as the SolarCal Local Government Commission on Conservation and Renewable Energy. LGC is a 501(c) (3) nonprofit whose members are forward-thinking leaders including and elected appointed local government officials and staff from throughout California and other states. Since its inception, the LGC has helped set the agenda for local governments by identifying critical issues of sustainability, then helping jurisdictions address them. Our membership is composed of about 500 mayors, city council members and county supervisors with an additional 500 local government staff as associate members. Current LGC program areas include: smart growth, climate change, energy efficiency, and land use and water.