



Senate Energy, Utility, and Communications Committee
Informational Hearing

SMUD Testimony: Rachel Huang, Manager, Program & Operations Planning
October 31, 2011

Good morning, Chairman Padilla and Members of the Committee, my name is Rachel Huang and I am the Manager of Customer Program and Operations Planning at the Sacramento Municipal Utility District (SMUD). Thank you for the opportunity to speak with you today regarding SMUD's progress in delivering upon its grant from the California Energy Commission through the federally funded State Energy Program.

SMUD has a long history of leadership in the area of energy efficiency, and has continually worked to evolve its programs and help contribute towards California's success in keeping energy intensity growth flat. As part of SMUD's strategy to achieve its AB 2021 goals, moving towards a comprehensive, whole building approach to energy efficiency was already planned. With the stimulus funds, the opportunity to help accelerate the market transformation for a whole-house approach was an attractive one, enabling SMUD to expand our original launch of a small, niche program to a broader audience.

SMUD was awarded \$19.9M on February 2nd, 2010 for its Home Performance Program (HPP), a comprehensive, multi-tiered approach which includes single family and multi-family audits and retrofits, marketing and education, and workforce development and training. SMUD moved forward with its program soon thereafter, launching its website and marketing in July ahead of the contract signing with the CEC on September 2. We couldn't fully launch the program until late March 2011 because the final provisions for the National Historic Preservation Act and Davis Bacon Act requirements were delayed.

The latest report to the legislature shows that SMUD has spent \$1.3M of the \$19.9M grant as of mid-October, which understandably raises concern. However, this \$1.3M reimbursed by the CEC is only a portion of the \$3M SMUD has invoiced the CEC as of mid-October for work completed through August 2011. To date, SMUD has actually spent \$5.2M on HPP, and committed significantly more.

Since fully launching in the Spring, SMUD has seen a flurry of activity, although the depressed economy and housing market continue to weigh on the single family program. To date, 2,007 BPI and HERS II assessments have been completed, which have converted into 669 retrofits completed or under construction, totaling \$2.4M. Assuming approximately 75 retrofits per month, the single family retrofit program could expect to expend \$3.8M of the \$6.2M budgeted.

The multi-family program saw a significantly higher degree of interest from property owners than originally expected. In HPP's case, low-income property owners who had funding through resyndication found they could use HPP incentives to add energy efficiency upgrades while already renovating their buildings. To date:

- 5,395 units have submitted applications
 - 1,349 have completed assessments and are in the financing/permitting/bidding phase (\$3.4M)
 - 948 have begun and/or completed construction (\$2.4M).
 - Another 891 units have begun assessments or are completed and under review (\$2.2M).

With \$8.0M of projects in the pipeline, coupled with the program's continued intake for applications, SMUD expects to be able to spend the \$6.6M budgeted for the multifamily program.

In order to address any shortfalls in our program, SMUD proposed to the CEC including a component to our single family retrofit program to enable the low-income community to also benefit from comprehensive energy efficiency measures, while providing a lower-risk vehicle for spending grant funding, given there is no cost to the customer. This enhanced weatherization program, currently budgeted at up to \$4.9M, can be used to make up any shortfalls from the market-rate single family program and the multifamily program, and has shown promising results to date. Since dropping direct mail on October 6, 407 homes have been audited, and \$1.4M of weatherization, refrigerator replacement, attic sealing & insulation, and HVAC replacement and duct sealing work has been identified.

Additional measures taken to mitigate risks include developing a contract amendment with the CEC to allow collapsing of the contract tasks to provide flexibility in delivering the grant between the single family, multi-family, and enhanced weatherization program; continuing to feed new projects into the multifamily program pipeline; and working closely with the Sacramento Housing Redevelopment Agency (SHRA) to facilitate the completion of their projects.

While SMUD recognizes that there are risks to achieving our grant program goals, we believe that the introduction of the enhanced weatherization program and flexibility to use it to address any shortfalls can deliver upon bringing a broad base of customers comprehensive energy efficiency, and deliver upon the \$19.9M grant.

Thank you, and at this time I'd be happy to take any questions.