

Creating a One-Stop-Shop for Resource Efficiency: A Public-Private Partnership in the Delivery of Energy and Water Efficiency Programs

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ABSTRACT

Southern California Gas Company (SoCalGas) and the Los Angeles Department of Water and Power (LADWP) recently began a joint implementation of energy and water efficiency programs and services in their overlapping service territories, primarily the City of Los Angeles, forming one of the largest partnerships of its kind with over \$440 million in combined budget. Customers who had to engage with multiple utilities to receive incentives and services for their energy and water projects in the past, can now conveniently engage with just a single entity. The master agreement entered into by SoCalGas and LADWP has created an interwoven network of programs that allows both utilities to collectively expand program offerings, increase overall participation and savings, and serve as a model for other utilities and program administrators to follow. This paper will discuss the development of the inter-utility agreement between SoCalGas and LADWP, the benefits to a coordinated effort and the results, best practices, and lessons learned from the coordinated efforts. The paper will also discuss the role and influence of this partnership in shaping the delivery network for energy and water efficiency in Southern California, including the development of similar partnerships between SoCalGas and other municipal utilities in its territory.

Introduction

Natural gas and electric energy efficiency in the United States is promoted through an often complex association of programs and policies which include federal and state minimum efficiency standards, state building codes, national programs, such as ENERGY STAR[®], and utility programs. Many of these programs provide financial incentives to supplement the effort by individuals and businesses. In California, energy efficiency programs and services are provided by Investor-Owned Utilities (IOUs) through ratepayer funding under the auspices of the California Public Utilities Commission (CPUC), and also by Publicly-Owned Utilities (POUs) whose funding is under the auspices of the California Energy Commission (CEC). Due to the differing funding streams, the IOUs and POUs rarely work together to deliver joint programs and services. Departing from the norm, the Los Angeles Department of Water and Power (LADWP) and Southern California Gas Company (SoCalGas) have embarked upon a unique partnership to provide a broader offering of energy efficiency programs to their joint customers. In September of 2012, these two utilities entered into a partnership that would allow them to jointly offer energy and water efficiency programs in their shared territories.

SoCalGas is the nation's largest natural gas distribution utility, providing energy to 20 million residential, commercial, and industrial consumers through approximately 6 million meters in more than 500 communities for over 140 years. The company's service territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, from Visalia to the Mexican border. Included in this service territory are

POUs which represent a significant percent of the meters served. The overall budget for 2013-2014 for SoCalGas for energy efficiency programs totals \$178 million.

LADWP has been delivering water and electricity to its customers for more than 100 years. It is the nation's largest municipal water and power utility, providing water and electricity to 3.8 million consumers through approximately 679,000 water meters and 1.4 million electric meters. The company's service territory primarily encompasses the City of Los Angeles. A five-member Board of Water and Power Commissioners establishes policy for the LADWP, which is a revenue-producing proprietary department of the City of Los Angeles, under the authority of the Los Angeles City Council. LADWP's energy efficiency budget for 2012-14 is 260 million. The combined budget of the SoCalGas-LADWP partnership is in excess of \$440 million for 2013-14.

Background

The California Long-Term Energy Efficiency Strategic Plan recognizes the integration of demand-side management (IDSM) options including energy efficiency, demand response, and distributed generation as fundamental to achieving California's strategic energy goals. The Strategic Plan described the IDSM vision as:

“Energy efficiency, energy conservation, demand response, advanced metering, and distributed generation technologies are offered as elements of an integrated solution that supports energy and carbon reduction goals immediately, and eventually water and other resource conservation goals in the future.”

To support this initiative, the Investor-Owned Utilities (IOUs) have identified IDSM as a policy priority and have proposed a series of IDSM activities, pilots, programs, and evaluations in their energy efficiency filings that will identify gaps, best practices, and improve efficiencies around delivery of programs in a comprehensive manner to customers (SoCalGas Filing, 1815). This activity supports the directive from the California Public Utilities Commission (CPUC) that the California IOUs develop partnerships with local governments to support their energy efficiency programs. (Cooley & Donnelly 2013)

At the Publicly-Owned Utility (POU) level, similar energy efficiency activities were developing. Senate Bill 1037 required POUs to make energy efficiency programs a priority and Assembly Bill 2021 directed each California POU to meet all achievable cost-effective energy efficiency measures by 2020, in an effort to reduce greenhouse gas emissions back to the 2009 levels with a statewide target of 10 percent energy reduction over 10 years. In 2012 the LADWP Board of Commissioners adopted a goal of achieving 10 percent energy efficiency and is evaluating the feasibility of a 15 percent efficiency goal by 2020. The Board allocated \$127 million for FY 2012-2013 and \$138 million for FY 2013-2014 for energy efficiency programs. The Board also sought to ensure a balanced portfolio of energy-efficiency programs that will address all customers and market segments through adoption of Guiding Principles (LADWP 2012).

For both SoCalGas and LADWP to meet their goals and directives it became evident that a partnership between the two utilities to provide programs and services to the customers in their shared territory would be to each other's advantage. This partnership would allow LADWP to leverage existing SoCalGas programs, allow both utilities to increase customer participation, and assist both in meeting their energy efficiency goals.

Elements of the Partnership

In developing the partnership it became evident to both utilities that separate agreements for each program would require not only significant staff time but would require a separate approval for each program from the Board of Commissioners at LADWP. This could potentially prevent programs from being launched quickly. Since there would be duplication of language in the individual program agreements, it was decided to create a single master agreement that spelled out the overarching details of the partnership and then have separate documents for each of the programs. This would expedite legal review and program manager review and approval.

While there were a number of individuals involved in the development of the agreement, two people stand out as playing a significant role in its eventual approval at both utilities; Gillian Wright, then Director of Customer Programs and Assistance at SoCalGas, and David Jacot, P.E., LADWP's new Director of Energy Efficiency. Ms. Wright oversaw 70 energy efficiency programs in the SoCalGas portfolio. For the joint effort with LADWP she assigned a dedicated team to help coordinate the development of the partnership. Supporting her vision of collaborating with regional municipalities to promote energy efficiency and programs to customers, this team would eventually take the LADWP partnership model and propose it to other POU's throughout Southern California. Much of the success of this partnership can be attributed to the support and guidance that upper management provided.

Before joining LADWP, Mr. Jacot was the Manager of the Energy Efficiency Business Portfolio at Southern California Edison where he lead a diverse department of about 80 professionals and managed over 50 energy efficiency and sustainability programs. Well-versed in utility energy efficiency programs, Mr. Jacot continued the partnership development when he started at LADWP in June 2012. He understood that utilizing existing programs he was familiar with, such as Savings by Design and California Advanced Homes, could facilitate program launches in the City of Los Angeles area. It was important to him to quickly have programs in place to be able to offer them to the customers of LADWP and SoCalGas.

The agreement between SoCalGas and LADWP titled "Master Inter-Utility Agreement between Southern California Gas Company and Los Angeles Department of Water and Power for Energy Efficiency, Resource Savings, and Related Activities" (Master Inter-Utility Agreement, 2012), is a broad document that spells out the relationship between the two utilities. This agreement took approximately a year to develop and execute. It establishes a method for both utilities to provide energy efficiency and resource savings programs for people and companies that reside or do business in the territory serviced jointly by SoCalGas and LADWP. The agreement details the purpose behind the initiative between the utilities, the general terms and conditions, the length and termination clauses, and the confidentiality of information and data. It establishes the goals of the partnership as follows:

- To establish a method to collectively address energy efficiency and resource savings;
- To leverage costs and human resources at both utilities;

- To increase program participation;
- To develop a process that standardizes the sharing of information;
- To establish and implement incentives for customers; and
- To facilitate the implementation of multiple energy efficiency and resource savings programs.

The agreement is intentionally broad and not program specific. It allows for the utilities to create and modify program offerings as best benefits the customers. The specifics of the program are contained in the Program Orders. The Program Orders cover the program description, roles and responsibilities, implementation and schedule, processing, and sharing of information, program lead, program tasks and coordination, budget, cost sharing and invoicing, and program terms and conditions. A separate Program Order is created for each program jointly offered by the utilities. With a dedicated single point of contact at each utility, communication between the program managers was streamlined. This coordinated effort allowed for programs to be quickly launched in the joint territories. Further, it allowed for co-branding of marketing materials, allowing for the utilities to leverage the brand image each utility had. An important element in the Agreement is that training would be provided to each utilities' inspectors and staff on the specific program elements. Mr. Jacot commented that this was particularly beneficial to his staff in learning the program elements of the SoCalGas programs, thus, allowing them to act as an extension of the implementers at SoCalGas. An additional benefit is that water efficiency and the imbedded energy in water could now be included in the joint program offering.

On April 22, 2013, SoCalGas and LADWP announced that they had teamed up to offer \$440 million in energy efficiency funding for the City of Los Angeles. The two utilities would now offer a number of energy saving programs to residential and business customers in the joint service territory. Then Mayor Antonio Villaraigosa commented that *"I applaud SoCalGas and LADWP for their unprecedented collaboration in offering energy-efficiency upgrades to their shared customers. Jointly, these agencies have made energy efficiency a reality and have allowed Angelenos to save substantially on both their water and energy bills."* (SoCalGas/LADWP News Release 2013)

The incentive programs for homeowners include Energy Upgrade California and California Advanced Homes (See Table 1). Energy Upgrade California offers energy-efficient home improvements such as air and duct sealing, new insulation and low-flow shower heads, among others for existing homes. The California Advanced Homes program provides incentives for building more efficient new homes. The incentive programs for businesses includes Savings by Design and Retro-commissioning Express (RCx), a no-cost and low-cost energy optimization program that can reduce electricity and gas bills in qualifying commercial buildings. *"Working with SoCalGas allows us to offer our customers a more complete savings package,"* said David Jacot, director of energy efficiency for LADWP. *"Energy efficiency programs provide an avenue for us to make investments that improve the environment and help create jobs in our community."*

Partnership Programs

For each program that is offered by the joint utilities, a Program Order is created. The lead utility is responsible for creating the Program Order, offering the program to customers through its delivery mechanism, processing of applications, and performing any measurement

and verification of energy savings that are required by either the CPUC or CEC. The partner utility is involved with program development and the sharing of costs. Mr. Jacot believes that it is crucial that both utilities are involved with program development as the programs evolve and makes the point to have his staff participate in any statewide meetings that take place. He feels it is important that LADWP is viewed as an equal in the program planning and delivery. Many of the programs that the utilities will be jointly offering have been in existence for a number of years, have proven track records of success and can be easily implemented in the City of Los Angeles. Table 1 summarizes the programs that are currently being offered by the joint partnership.

The programs in Table 1 were selected and prioritized based on the following criteria: needs, cost effectiveness, and speed to market. Launching new construction programs, such as California Advanced Homes and Savings By Design, is a very significant undertaking, and by leveraging SoCalGas' existing new construction programs, LADWP is able to serve this market more quickly and cost effectively. On the other hand, launching direct install programs for gas-only measures is an expensive undertaking, and often not cost effective. Having a partner in LADWP that helps offset the cost of serving this market enables SoCalGas to offer direct install of gas measures to the multifamily and small business sectors. The list of joint programs continues to grow and evolve organically, and more joint programs are expected to be launched in 2014 and beyond.

Table 1. SoCalGas/LADWP Partnership Programs

Program	Lead Utility	Program Description	Results (As of December 31, 2013)
California Advanced Homes (Launched March 16, 2013)	SoCalGas	California Advanced Homes provides design assistance and financial incentives to residential new construction home builders who exceed California's Building Energy Efficiency Standards. The program encompasses single and multifamily, both low-rise and high-rise	40 committed projects Projected (pipeline) savings 2,068 kW, 6,139 MWh and 143,767 Therms
Energy Upgrade California (Launched March 16, 2013)	SoCalGas	Energy Upgrade California provides two paths for existing home owners to participate. The Basic Path provides customers a prescriptive set of measures that must be implemented to qualify for the associated incentives and the Advanced Path which provides customer incentives for a more flexible and robust set of measures for home retrofits. The program is open to single-family and 2-4 unit buildings.	70 completed projects Claimed savings 272 kW, 194 MWh and 15,390 Therms 74 committed projects, Projected savings 257 kW, 212 MWh and 16,222 Therms

Program	Lead Utility	Program Description	Results (As of December 31, 2013)
LA Better Buildings Challenge (Launched May 26, 2013)	SoCalGas	This program supports the United States Department of Energy (DOE) national leadership initiative, the Better Buildings Challenge.	124 buildings with 18 million square feet enrolled, and slated to receive an energy audit
LAUSD Direct Install (Launched July 27, 2013)	LADWP	The LAUSD Direct Install program provides for LADWP and SoCalGas participation as a joint workforce to implement energy efficiency measures and direct install retrofits at LAUSD schools within the LADWP/SoCalGas service territory.	Electrical measures completed at 3 schools and in process at 3 others. LADWP working to place plumbers on crews to install water and gas measures.
Multi-Family Direct Therm Savings (Launched March 21, 2013)	SoCalGas	This program provides free installation of low-flow showerheads and bathroom and kitchen faucet aerators for market rate multifamily buildings.	Over 5,000 multi-family units retrofitted with low-flow faucet aerators and showerheads Claimed savings 148,351 Therms 80 million gallons of water
Retrocommissioning Express (Launched October 23, 2012)	LADWP	RCx Express offers cash incentives using a prescriptive method to non-residential customers who undertake a “tune-up” of their existing building system equipment to restore equipment to its original performance level, as designed, if not higher.	3 projects completed Claimed savings 126 MWh and 9,516 Therms 10 pending projects Projected savings 1,225 MWh and 34,543 Therms
Small Business Direct Install (Launched July 27, 2013)	LADWP	Free direct-install program that targets small- to medium-sized business for general lighting, water conservation measures, and natural gas conservation measures.	6,250 assessments completed (electric/gas/water); 5,501 customers enrolled, 2,372 electric installations complete. LADWP working to add plumbers to crews to install water & gas measures.
Savings By Design (Launched May 14, 2013)	SoCalGas	Savings by Design provides design assistance and financial incentives to non-residential new construction developers who exceed California's Building Energy Efficiency Standards. The program is open to commercial and industry projects.	10 projects committed, with an additional 27 projects to be committed

Program	Lead Utility	Program Description	Results (As of December 31, 2013)
Codes and Standards (Launched November 15, 2013)	SoCalGas	This goal of this program is to save energy on behalf of ratepayers by influencing continuous improvements in energy efficiency regulations, and improving compliance with existing codes and standards.	New program launched in late November 2013. No activities at the time of reporting.

Two of the above programs are already demonstrating the benefits of the partnerships. These are the CA Advanced Homes and the Multi-Family Direct Therm Savings programs. The following sections describe each, highlighting how the integrated package of offerings through the partnership led to broader and deeper savings.

California Advanced Homes Program

The current residential new construction program can trace its roots to the California ENERGY STAR[®] New Homes Program, launched by the IOUs in 2002. This was the first time that a performance-based program was offered to the building industry on a statewide basis. Previous to this each utility had its own residential new construction program. The California Advanced Homes Program (CAHP) is a comprehensive residential new-construction concept with a cross-cutting focus on sustainable design and construction, green building practices, energy efficiency and emerging technologies. Through a combination of education, design assistance and financial support, the CAHP works with building and related industries to exceed compliance with the California Code of Regulations, Title 24, Part 6, Building Energy Efficiency Standards for Residential and Nonresidential Buildings (Standards), to prepare builders for changes to the Standards, and to create future pathways beyond compliance and traditional energy savings objectives. It is delivered to the building industry through a team of account executives who have a long history of calling on the building industry.

The SoCalGas residential new construction program had, since 2002, paid incentives for both natural gas and electric savings in the city of Los Angeles. In April 2011 this practice was terminated. The result of this change was that projects that were built in municipal utilities service territory would only receive incentives that resulted from natural gas savings. This significant reduction in incentive rendered pursuing greater energy efficiency not cost effective for the builders. The partnership with LADWP reverses this and now allows for incentives to be paid for both electric and natural gas energy savings.

One of the immediate benefits of the partnership can be seen in the Playa Vista development in Los Angeles. The area that is now called Playa Vista was once inhabited by the Tongva Nation. In the 1940s, Howard Hughes bought the site and constructed a private airfield runway named Hughes Airport, and an aircraft factory with hangars for his Hughes Aircraft Company. Many attempts at utilizing the area, including motion picture studios never came to fruition. In 2001, phase one of Playa Vista began as a mixture of affordable and luxury housing, office and commercial space. Additionally, a restored wetlands and wildlife preserve were created along with open spaces and recreational amenities. (Santa Monica Mirror 2001)

Playa Vista Phase 2 will include 2,800 units of single family and multifamily residential housing and a community center. Brookfield Residential is the master developer for Playa Vista, after acquiring the property from Playa Capital Company. With ten builders involved, including,

KB Homes, Taylor Morrison, and Tri Pointe Homes, this billion dollar development will continue the Playa Vista vision of sustainability and energy efficiency. SoCalGas and LADWP took the lead in authoring detailed project analysis for this master planned community prior to the start of construction. The utilities modeled multiple building types to show the most cost effective path to meeting the California Advanced Homes program requirements and the United States Green Building Council's LEED program. Models were created that pushed the energy savings to 30 and 40 percent greater than the minimum required by the existing California standards. These models used packages of measures that would meet the increased energy savings requirements and could have the incremental costs of reaching these savings goals offset by the incentives provided by the program, which now had LADWP's participation to fund the electric energy savings. Tom DiPrima, Executive Vice President, KB Homes Southern California Division, commented that “[*the partnership*] bridges a gap that has been there for a while. Working with SoCalGas and LADWP benefits everybody.”

Beyond the residential units, SoCalGas also brought in SoCalGas' and LADWP's Emerging Technologies and Research and Development departments to help design a zero-net energy Community Center that will be pursuing LEED Platinum certification. Additionally, the utilities helped fund a 65 kW Tecogen cogeneration unit that will heat an Olympic size pool and power the community center.

Playa Vista is envisioned to be a sustainable community. To create that type of project it is important that the elements of sustainability are incorporated at the earliest possible point in development which, in the case of master-planned communities, is at the land planning stage. Derek Fraychineaud, Vice President for Playa Vista Residential Construction, sees this as a tremendous benefit to developers. The partnership between SoCalGas and LADWP represents the first stage of this planning, being able to bring all parties together in the development process. Further, it is important that builders are a part of the program development process. He feels that builder "round tables" should be held periodically so that incentive program developers can learn what issues are facing the builders. Additionally, programs need to be customized to address the specific project, its locations, and design elements.

While the partnership between SoCalGas and LADWP has a number of large projects in development that will generate a significant amount of energy savings, the partnership also has a role in marketing the benefits of energy efficiency to the consumers. Noted American actor and environmentalist, Ed Begley, Jr., is currently building a home in Los Angeles that will be a model of sustainability. This home is participating in the California Advanced Homes program, whose incentives have made it possible to incorporate a number of energy and water efficiency components in the home. Mr. Begley has commented that "*it is wonderful that the two entities have come together to promote energy efficiency. The combined efforts of SoCalGas and LADWP have made the added elements in the home's construction pencil out. It is important to get the word out that these types of programs exist.*"

Multi-Family Direct Therm Savings Program

Park La Brea in Los Angeles is SoCalGas' largest multifamily master metered residential customer. Built during the 1940s, it is an extensive apartment complex with 4,255 units located in 18 thirteen-story towers and 31 two-story garden style apartment buildings. It is the largest housing development in the United States west of the Mississippi River (Foster 2012). It sits on

160 acres in the Wilshire District of Los Angeles. This project is benefiting from the SoCalGas and LADWP partnership by participating in the Multi-Family Direct Therm Savings Program.

The Direct Therm Savings program provides free installation of low-flow showerheads and bathroom and kitchen faucet aerators for market rate multifamily buildings. Park La Brea is participating in this program through jointly funded measures from both SoCalGas and LADWP, which include low-flow showerheads with thermostatic valves and low-flow toilets. One of the benefits of the partnership is that by including a water utility in the program, not only can the hot water energy savings be captured, but the program can expand to include water only measures such as high efficiency toilets. This provides the owners more opportunities to improve an older property, such as Park La Brea, and allows the available program funding to serve more projects.

Currently Park La Brea is evaluating how to replace 36 twenty year old boilers. Each tower has a primary boiler and a backup boiler that supply heating and hot water to the 18 towers. The Director for Maintenance for Park La Brea, Bruce Manning, is working closely with SoCalGas to facilitate these replacements. SoCalGas is providing technical support and energy analysis to assist Park La Brea in making the most economical decision possible for the project. Park La Brea offers an opportunity for the utilities to create a customized program that addresses the specific needs of the project. This is the spirit of the IDSM concept, where program components, incentives and energy savings, are project specific.

Expanding the Partnership

Building upon the successes demonstrated by the partnership between SoCalGas and LADWP, the effort has been expanded to other public utilities. In October 2013 a similar agreement was signed with Anaheim Public Utilities (APU) and in November 2013 an agreement was signed with Riverside Public Utilities (RPU).

In the City of Riverside, the utilities had separately provided their residential and commercial customers with a number of conservation and efficiency incentive programs for years. In 2012, RPU joined with SoCalGas to jointly administer the gas utility's Energy Savings Assistance Program for income-qualified customers, and provided funding for additional electric saving measures to be added to the program. Its success led to the exploration for additional partnerships and the result is an agreement, similar to the one with LADWP, which allows for quick implementation of programs. Among the programs initially targeted for the partnership include RPU's Small Business Direct Installation (SBDI) program, which offers assistance with efficiency elements like lighting retrofits, HVAC system tune-ups, LED case lighting, and efficient motor installations. Through adding gas utility incentives, new customer segments will be reached throughout Riverside. *"Working together, we identified several existing programs that could be combined to create better value and comprehensive savings for our shared customers,"* commented Gillian Wright. *"Our inter-utility agreement demonstrates how public-private partnerships can benefit the community."*

For APU the first joint programs will include an expanded weatherization program to provide whole-house improvements for income-qualified customers, adding gas-saving information to Anaheim's current Small Business Program, and a new program focused on Anaheim's large food service industry. In addition to programs offered in partnership with SoCalGas, Anaheim Public Utilities offers more than 30 conservation programs that help customers reduce their use of water and electricity, including solar energy incentives and free shade trees to reduce air conditioning use. Anaheim Mayor Tom Tait said, *"This collaborative*

partnership will offer a “one-stop shop” for those customers interested in reducing the total cost of their utilities. By working together, we are making it even more convenient for Anaheim customers to learn about available programs.”

Conclusion

The development of these partnerships supports California’s Long-Range Energy Efficiency Strategic Plan and demonstrates that public and private utilities can work together for the benefit of their customers. The benefits to the utilities include increased participation in energy efficiency programs, reduced program delivery costs, and the elimination of duplication of efforts.

From the experiences with these partnerships, a number of best practices have emerged:

- Seek executive level support for partnership. Having a company executive as a sponsor helps convey the sense of urgency and importance of the partnership to program staff.
- Make creation of individual program partnerships less onerous. Program partnership is not new, and has been attempted by many parties over the years. An umbrella agreement that allows for creation of new joint programs at the management level without needing to restart the approval process each time (particularly onerous for public entities) also allows the partnership grow organically and evolve to meet each partner’s needs.
- Create a single point of contact for program participant. Having one utility lead and operate the joint program on the partner’s behalf helps streamline program operation, and reduces the burden on program participants.
- Streamline and centralize communications between partners. For common functions across programs, such as invoicing and reporting, it is much easier for each partner to assign a point of contact, rather than have individual program managers communicate and resolve issues with their counterparts. Some issues are rather common, so rather than having each program staff correct the issues repeatedly, it is often more efficient for the point-of-contact for each partner to resolve them at a higher level and apply to all programs.
- Assess each partner’s strength and tap into it. Program leads should be selected based on the strength and history in implementing similar efforts. For example, SoCalGas has implemented various new construction programs over the years. Naturally, it is in a much better position to lead the joint new construction programs.
- Utilize existing branding and programs. By leveraging any existing local, regional or national brands, the joint program would be able to launch quicker than an entirely new effort. For example, by utilizing the Savings By Design brand, which is a California statewide energy efficiency brand for commercial new construction, the joint SoCalGas and LADWP program could be launched within three months of initial discussions, since much of the program resources and infrastructure already existed.
- Allow programs to change and grow to reflect customer needs. Any program agreements should be written to accommodate future changes to the program. For example, SoCalGas and LADWP Program Orders explicitly state that both parties can amend the agreement in writing as needed.

Overall, the greatest benefit of the master partnership is that program communication with customers becomes greatly improved and access to program information is quicker and more accurate. By broadening the availability of programs and services offered by both utilities programs can support both natural gas and electric energy savings (and in some cases, water savings). An added benefit is that the expansion of these programs creates local green jobs and supports the cities economies through the public/private partnership. Improved air quality and reduced greenhouse gas emissions are also part of the increased electricity, natural gas, and water savings the municipal utilities will produce.

It is important that long-term program planning be implemented. Current program planning cycles, especially for IOUs, are too short to achieve long-term energy efficiency savings. Programs need the flexibility to change and evolve so they can continue to offer relevant services to customers. This is especially important with the incorporation of POUs that are regulated by a different agency. Additionally, the municipal utilities need to be part of the program planning process to insure that their customers' needs are recognized.

Internally, utilities need to be innovative and have the capacity to make changes to the Program Implementation Plan (PIP) as needed to address new measures, new technologies, and changes in the Standards. The Park La Brea success demonstrates the need to be able to include multiple segments inside a utility and work across silos.

IDSMS, to be successful, requires that utilities and programs, while being responsible to the rate payers, have the flexibility to create innovative partnerships that provide for increased energy and water savings in an ever changing environment. Being innovative is often a risk. The partnership begun by SoCalGas and LADWP and expanding to other utilities is a first step in providing utility customers with a broader range of opportunities and energy savings. Sustaining these partnerships and introducing them to other utilities will provide all Californians with a full portfolio of programs to meet the goals of the Strategic Plan.

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