



IMPERIAL IRRIGATION DISTRICT

OPERATING HEADQUARTERS • P.O. BOX 937 • IMPERIAL, CA 92251-0937

August 5, 2009

California Energy Commission
Dockets Office, MS-4
RE: Docket No. 09-OII-01
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET **09-OII-1**

DATE 8/5/2009

RECD. 8/6/2009

RE: ARRA SEP Guidelines Docket No. 09-OII-01

The Imperial Irrigation District (IID) provides the following comments concerning the Draft SEP Guidelines. These comments apply to the Municipal Financing District Program ("AB811-type programs) portion of the guidelines.

IID is developing an AB811 type program in partnership with the cities and counties in IID's service territory. IID estimates that 58% of the housing in IID's service territory is pre-1992 and Title 24. Most of these are single family dwellings with air conditioning systems performing at SEER 10 or worse. The program under development by IID will target these old, inefficient AC systems. The program is designed to have high impact with respect to saving customers money on their electric bills, adding and retaining jobs, and reducing GHG emissions.

It appears the draft guidelines require AB811 type programs to include the elements of the California Comprehensive Residential Building Retrofit Program (CCRBRP). Specifically a whole house approach. IID believes this is an admirable goal but if this is a requirement, it will substantially limit participation in IID's service territory. IID's service territory is characterized by climate zone 15 which is a desert climate, low median income level, and high unemployment rates. Typically, 40% to 60% of each residential customer's annual electric bill is for air conditioning. Replacing a SEER 8 central air conditioning system with a SEER 14 system will save the average customer \$750 annually. When combining IID's rebate with an AB811 financing program, the customer can achieve a net positive cash flow over a 12 year contract term. This is critical as it means the customer has no impact on an already strained budget. Many of the measures from the CCRBRP have simple paybacks in excess of 12 years. This means the customer will have an additional amount to pay annually, further stretching their limited resources. It is highly likely that few customers in the IID service area will be able to assume this added burden during these difficult times.

In addition, keeping the customer economics to a positive cash flow will potentially mitigate any issues with the mortgage holder as the AB811 financing will not negatively impact the customer's ability to pay their mortgage.

IID already provides most of the measures in the first and second Tiers of the CCRBRP. As a result, IID believes the CCRBRP measures should be offered in an AB811 program but not be required or be major criteria when evaluating applications for funding.

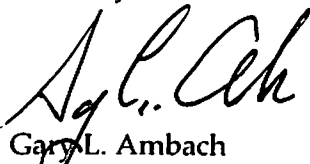
IID agrees with the need for an assessment of the customer's existing AC in order to qualify for the program and will also be performing a post installation assessment. IID intends to use its AC Quality Maintenance program to assess these AC systems using qualified AC contractors. This will ensure that the system's performance falls within program guidelines and the customer will see the savings.

IID has concerns with the requirement loan to value ratio of 1:10. For projects involving AC systems that have a positive customer cash flow, this requirement adds cost while providing little value. IID believes this should be a criterion for customers desiring to perform a more comprehensive measure list as this type of project will raise the issue of credit worthiness.

IID welcomes the opportunity to participate in the SEP. IID believes this program can have a significant impact on the implementation of energy efficient measures by customers. It is the implementation of select measures that most benefit customers, add and retain green jobs, and that positively impacts GHG. The best, most comprehensive program is only successful if customers participate. Therefore, IID desires to provide programs that help customers and the State of California.

Please direct questions concerning these comments to Gary Ambach, Superintendent, Demand Side Management at (760) 482-3513.

Sincerely,

A handwritten signature in black ink, appearing to read "G. L. Ambach", written in a cursive style.

Gary L. Ambach
Superintendent, Demand Side Management