

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

**A. GENERAL INFORMATION**

1. Date

March 1, 2016

2. Department

California Public Utilities Commission

3. Organizational Placement (Division/Branch/Office Name)

Energy Division - Director's Office

4. CEA Position Title

Deputy Director, Energy Division

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The California Public Utilities Commission proposes to allocate the above position to a CEA category level B with the Energy Division. The Deputy Director, Energy Division will be responsible for making policy decisions in the areas of energy efficiency, demand response, customer generation, retail rate development, electric and gas general rate cases, transmission rate cases, wholesale market design issues and other natural gas procurement, storage and pipeline issues.

6. Reports to: (Class Title/Level)

Director - Energy Division, CEA B

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain):

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

## B. SUMMARY OF REQUEST

### 9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates. The Energy Division processes between 900 and 1200 utility Advice Letters each year. Advice Letters are submitted to request rate adjustments or revise utility operating rules and can have major policy implications. The Energy Division provides policy and technical support in the review and approval of the electric and gas utilities general rate cases and in the development of major energy initiatives in California; many with million and billion dollar budgets. These programs include but are not limited to renewable energy, energy efficiency, electric reliability, reduction of greenhouse gas emissions, and natural gas and electricity safety. The Energy Division also represents the CPUC in Federal Energy Regulatory Commission (FERC) and court proceedings.

The scope of issues the Energy Division works on has progressively grown over the past 10 years and continues to grow into the future. This growth is largely due to new statutory demands that require the CPUC to develop a host of clean energy programs and to play a more direct oversight role of the utilities after the energy crisis. Dramatic changes in the electricity and natural gas markets will be a center piece of meeting California's greenhouse gas reduction goals and the Energy Division will be at the center of the development and implementation of these changes. Energy Division already plays a lead role in overseeing the 33% renewable mandate, more than \$1 billion a year in energy efficiency investments, demand response programs, new storage programs, and California's rooftop solar programs. The Energy Division is responding to legislative direction to work towards creating a more integrated planning process that better incorporates all clean energy solutions. All of this work is being done while trying to maintain a focus on Energy Division's traditional role of supporting the oversight of the utilities rate cases at the CPUC. This workload is only going to grow in the next few years as the efforts to all of the above programs will need to increase exponentially to meet the new goals spelled out in Governor Brown's January State of the State speech.

The direction of the Energy Division requires a high degree of policy development and coordination between sections and branches. The Energy Director remains the principal policy maker for the Division and the Deputy Director takes on substantial delegated decision making authority, but there is too much work for this division of duties to be sustainable. The growing demands on the Division combined with new statutory requirements requires the division to have two deputy directors that can more rationally share the management and policy making duties with the Director. Two Deputies are needed to serve as decision makers in the Energy Division's policy planning, development, and implementation, and to provide the administrative oversight required for a division of 140 staff and 70 programs.

**B. SUMMARY OF REQUEST (continued)**

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The role of the second deputy director will be to oversee and coordinate policy development related to the oversight of the utilities rate cases and policy proceedings that are and will be the centerpiece of California's efforts to create a safe electricity and gas distribution system and meet the greenhouse reduction goals directed by SB 350. These issues are critical to the mission of the CPUC.

SB 350 directs the CPUC to begin a new procurement process to meet the SB 350 goals that will require a significantly higher degree of coordination between sections and branches under the new deputy's chain of command and with the director, and other director. It is unlikely the needed level of coordination can be achieved without a new deputy position.

In addition, the second deputy director will be responsible for modelling and supporting the organizations values of accountability, excellence, integrity, open communications and stewardship to all under the deputy's direction.

**B. SUMMARY OF REQUEST (continued)**

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The combination of the Energy Director and a single Deputy Director are unable to handle all of the policy work, especially with an expansion of required coordination under SB 350 (De Leon). The Branch Program Managers are already fully engaged in the supervision of 25-30 staff in their respective program areas. The Program Managers' primary function is to effectively manage their assigned programs, leaving no time to work on division-wide managerial and administrative issues and inter-branch policy coordination. Under the current organization chart some Program Managers report directly to the Director and others report to the Deputy Director. The current Deputy Director helps reduce the policy burden on the Director and provides managerial support to the Program Managers that report to her. A second Deputy will further reduce the burdens on the Director and provide the needed policy and management support for issues areas not already covered by the current Deputy. More specifically, the Deputy Director will:

- Focus on the policy areas of energy efficiency, demand response, customer generation, rate design, and low income programs;
- Provide oversight, coordination, and implementation of Energy Division's strategic planning;
- Share responsibility with the Director and Deputy acting as a principal liaison for the CPUC with the regulated industry, government offices, legislature, and other stakeholders;
- Serve as Energy Division's advocate spearheading policy goals and their implementation.

All of the issues listed above are statewide issues. These program areas impact at least two thirds of all electric customers in the state and almost 100 percent of the natural gas customers. Since all of the energy division's work either directly or indirectly impact the utilities' rates and electric rates are key drivers of the California economy, the Energy Division's policy work has a very direct and real impact on the California economy.

The position will help establish and implement policy that will help California meet mandated statutes and requirements, ensure Advice Letters and Ratemaking cases are processed timely, which otherwise, could result in higher rates for ratepayers, and plays an important management role in ensuring that the Energy Division meets and honor its mission of developing and administering energy policy and programs to service the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates.

### C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

Focus on the policy areas of energy efficiency, demand response, customer generation, rate design, and low income programs;

**Energy Efficiency** -- Energy Efficiency is a cornerstone of California's electricity policy, has specific mandated goals in statute, and requires extensive coordination between multiple state agencies, the utilities and local governments. Currently, there is tremendous debate if the current CPUC policies and oversight are helping or hurting California meet its goals, and now changes from SB 350 (De Leon) are increasing those goals and require more coordination with the California Energy Commission. To meet these goals, the CPUC must do a better job coordinating its policies, managing its own implementation timelines and oversight, and effectively communicating the new goals and programs. Under the current organization chart where the Program Manager for the Energy Efficiency Branch reports directly to the Division Director, there is not sufficient time for the Division Director to help set and shape the energy efficiency policies. The new deputy would take on this role.

**Customer generation** -- Just as with energy efficiency, statute puts a heavy emphasis on meeting the state's climate goals through expansion of customer generation. Currently this is done through several programs overseen through the CPUC: Net Energy Metering and the Self Generation Incentive Program. The goals and structure of these programs must change over time as the cost of existing technologies decrease and the state increasingly ratchets down the emissions from the electricity grid. Policy in these programs is set through a process that includes bi-annual reports on the effectiveness of the programs, advice letter filings from program administrators to make smaller mid course corrections in program design, and on-going proceedings that look at larger longer term changes. The current Program Manager that oversees these programs reports directly to the Division Director and there is not sufficient time for the division director to fully engage in the policy development in this area. The deputy would take on this role.

**Rate Cases** -- The CPUC reviews the requests of utilities to collect revenue through rates. This happens on a rolling 3 year cycle through several major proceedings. The total of revenue involved in some of these cases exceeds \$12 billion. Historically, the rate cases have been managed separately from most of the clean energy policy work within the Energy Division; however, the increased mandates on the CPUC to better coordinate both clean energy programs and safety initiatives within the rate cases requires and increased level of coordination between Energy Division staff. The current Program Manager for the branch that oversees rate cases reports directly to the Division Director and this reporting relationship, combined with the need for more coordination, means the Division Director cannot spend the time needed to help shape policy in that area. This will become a role for the new deputy

**Overall Coordination of Policy** -- As discussed above, there is an increasing requirement on the Energy Division to coordinate the work of all of its sections. These coordination efforts are currently starting at the Program Manager level, but much of the coordination requirements are beyond their current duty statements and limit their ability to effectively manage their branches. The new deputy director will work as a team with the other deputy and the director to ensure that this high level coordination can effectively occur.

**C. ROLE IN POLICY INFLUENCE (continued)**

13. What is the CEA position's scope and nature of decision-making authority?

The CEA position in Energy Division will be responsible for all administrative decisions for the program areas that the CEA will be directly managing, including approval of personnel and budget matters, as well as determining needed process and administrative projects and making decisions and guiding the projects to completion. The CEA will also sign off on proposed decisions for release for comment and ultimately, CPUC Commissioner vote. These policy areas will likely include energy efficiency program oversight and evaluation, energy rate reform matters, demand response programs, integrated distributed energy matters and customer generation programs.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

Both. The CPUC has over 60 energy programs, ranging from compliance-based programmatic work to the running of energy efficiency programs and other statutory mandates that are intended to implement carbon reduction policies that the state has adopted. The energy area at the CPUC represents one of the most active industries that the agency regulates, with many proposals for new policies and programs coming from stakeholders and policy makers, that need to be evaluated, and if approved, implemented through a decision-making and compliance process. In the past 3 years, there has been significant legislation requiring new energy program requirements. For example, Assembly Bill 327, enacted in 2013, amended several sections of the Public Utilities Code, and requires the CPUC to revise retail electricity rates, extend and reevaluate net energy metering, oversee the development of and implementation of distributed resource plans by the Investor-Owned Utilities (IOUs) that the CPUC regulates, increase the amount of renewable electricity that the IOUs purchase and adds changes and new requirements for low income energy programs. The Energy Division, working with Administrative Law Judges and under the guidance of the Commissioners, initiated two new proceedings and added issues to the scope of two others to implement the legislation. The Energy Division was directed to develop a workplan, and the Director had to take on the leadership role to get the process in place. More recently, the legislature and governor enacted SB 350 and AB 802, which together will require a doubling of energy efficiency by the state's load-serving entities and program changes that will increase workload for the entire division, but as important, will require high-level planning to develop a strategy to update the current ongoing proceedings and programs to address the new state climate goals and the impact of those goals on energy policy. The CEA position would be responsible for leading these efforts, allowing the Director to focus on the work of the entire division and provide only high level guidance to the CEA. There are numerous ongoing programs governed by existing policies and statutes (~60 programs), that the CEA would oversee in the areas of rates, energy efficiency, customer-side generation and demand response.