

Director's Letter

Implementors of Change

It was a time of transition at CCSE during 2012, marking the retirement of longtime leader Irene Stillings, closing of the San Diego Energy Resource Center, moving to a new location and allowing me to take the helm. I am thrilled to be executive director of an organization that for more than 15 years has logged so many successes in helping individuals, organizations, businesses and governments on all levels achieve greater energy sustainability through rebate programs, education, workforce development, market facilitation and policy initiatives.

This past year, CCSE put up some very impressive numbers that show the depth and breadth of our impact as managers of more than 25 energy-related programs that awarded \$59 million in incentives, incentivized more than 37.5 megawatts of renewable energy in San Diego County and provided rebates for some 9,630 hybrid and electric vehicles statewide. California Public Utilities Commissioner Mark J. Ferron commented recently:

“They are a mission-driven organization with a great deal of experience. . . . We are confident that CCSE’s experience as both an administrator and an implementer of programs qualifies the organization uniquely; there is no other similar organization that we are aware of in the state.”

I understand the value CCSE adds in the community because experts here helped me navigate the path to installing solar generation at San Diego Naval Base when I was commander in 2000. More recently, as a member of CCSE’s board of directors, I have observed as the center has grown to become a major contributor to renewable energies and sustainable opportunities not only in San Diego County, but also throughout the state.

The opportunity for CCSE now is to continue our transition from primarily administrators of programs into serving a wider role as market transformers – implementers of change in helping California reach its ambitious energy goals. CCSE has always been at the frontline of bringing energy policy into the marketplace where we can see firsthand what works or doesn’t and provide a feedback loop that public agencies and officials need to understand how policies are being adopted or need to be modified to achieve greater success.

At CCSE, our sights are set on reducing barriers, building capacities and fully educating consumers in everyday, sustainable practices that focus on the triple bottom line: environment, economy and people. We’re out to change the old energy models because they don’t work anymore, not for us and certainly, not for our grandchildren. A more sustainable future is in the best interest of the preservation of this country, and the world as a whole. We are among the leaders that will help change the way we use energy and our resources.

CCSE at a Glance

Founded: 1996**Staff:** Approximately 80+ full time**Status:** Independent, social enterprise, 501(c)(3) nonprofit**Mission:** To accelerate the adoption of clean and efficient energy solutions via consumer education, market facilitation & policy innovation**Sectors of Practice:** Energy efficiency, building performance, renewable energy, clean transportation, energy policy, education & outreach**Website:** www.energycenter.org**Location:**Sky Park Office Plaza
9325 Sky Park Court, Suite 100
San Diego, CA 92123*Offices in Los Angeles & Oakland*

The Financial Results

Operating revenues in fiscal year 2012 totaling \$72.1 million included \$59.1 million in funding for rebate and incentive payments distributed to eligible recipients who met defined requirements under various regional and statewide programs administered by CCSE.

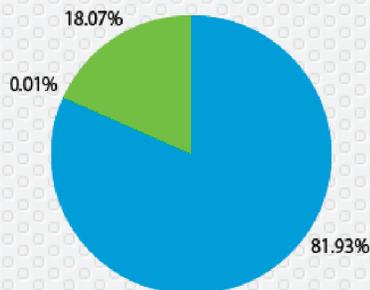
The 2012 service revenues of \$13 million were earned in performance of contracts that include the administration of rebate and incentive payments, education and outreach, marketing, research and analysis and technical assistance. Service revenues increased by \$450,000 (3.6%) from 2011 service revenues of \$12.6 million. Contributions represented less than 1% of the organization's total revenues and support.

During 2012, 57% of CCSE's service revenue was generated from the delivery of ratepayer funded programs. The California Public Utilities Commission—which regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit and passenger transportation companies—has designated CCSE as Project Administrator within San Diego Gas & Electric service territory for the administration of marketing, education, outreach and incentive programs. This designation accounts for approximately 75% of CCSE's ratepayer funding.

Total operating expenses excluding rebates and incentives delivered were \$12.7 million in 2012, an increase of \$1 million (8.4%) from \$11.7 million in 2011. Total compensation and benefits in 2012 were \$6.2 million, compared to \$5.1 million in 2011. The operating fund surplus was \$331,500 in 2012, a decrease of \$582,500 from a 2011 surplus of \$914,000. The largest factor in the decrease was the discontinuation of a short-term project consulting opportunity due to changes in market conditions and the competitive landscape. One of our 2013 objectives is to develop an operating plan for strategic energy planning services that will leverage our competitive advantages.

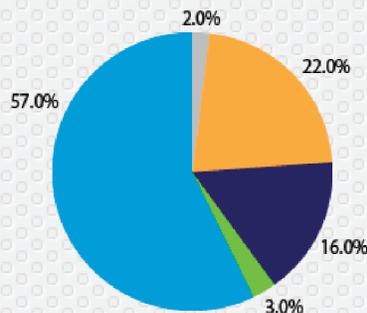
Net assets were \$2.22 million at the end of 2012.

2012 Operating Revenues



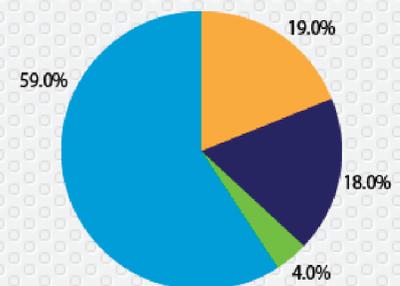
- Rebates and incentives funded
- Contributions
- Service revenue

Funding Sources of Service Revenues



- Federal government
- State government
- Local governments
- Rate payers
- Other

2012 Unrestricted Operating Expenses (Excluding Rebates and Incentives Delivered)



- General management and fund-raising
- Marketing, education and outreach
- Policy, research and analysis
- Other program administration

CCSE's program services, aimed at accelerating the adoption of clean and efficient energy solutions by consumers and small businesses, were focused in the areas of distributed generation and renewable energies, clean transportation, research and analysis, consulting and technical assistance and other market facilitation. General management expenses relate to the organization's overall operation. Fund-raising expenses relate to the solicitation of contributions.

Financial Summary

Condensed Statement of Financial Position

ASSETS

Cash and cash equivalents, unrestricted	\$	1,027,149
Cash, designated		2,844,653
Contract receivables		3,566,520
Other assets		949,785
Total assets	\$	8,388,107

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$	2,584,587
Deferred revenue on uncompleted contracts		543,484
Rebates payable		1,092,708
Refundable application fees		1,447,702
Other liabilities		500,000
Total liabilities	\$	6,168,481

Net assets:

Unrestricted		2,144,325
Temporarily restricted		75,301

Total net assets	\$	2,219,626
Total liabilities and net assets	\$	8,388,107

Condensed Statement of Activities

Operating revenues:

Service revenue	\$	13,035,916
Rebates and incentives delivered		59,113,554
Other income		1,350
Contributions		26,020

\$ 72,176,840

Operating expenses:

Rebates and incentives delivered	\$	59,113,554
Other program services		10,330,217
General management		2,357,804
Fund-raising expenses		43,712

\$ 71,845,287

Change in net assets	331,553
Net assets, beginning of year	1,888,073
Net assets, end of year	2,219,626

Financial Summary

Condensed Statement of Cash Flows

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	331,553
Adjustments:		
Depreciation and amortization		45,463
Changes in operating assets and liabilities		(169,582)
Net cash provided by operating activities	\$	207,434

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	\$	(74,973)
Net cash used in investing activities		(74,973)
Net increase in cash and cash equivalents		132,461
Cash and cash equivalents, beginning of year		3,739,341
Cash and cash equivalents, end of year		3,871,802

Renewable Energy

Clean Energy in Action

We all know the problems with using fossil fuels to produce energy – it’s expensive, environmentally harmful and puts our nation in a position of dependence on others. Renewable energy technologies offer much lower environmental impacts, local jobs and decreased dependence on foreign oil supplies as well as establishing a sustainable path for future generations.

CCSE’s Renewable Energy Mission

We support the proliferation of renewable energy through incentive programs, consumer and professional education and industry development.

CCSE is proud to work with members of the clean energy industry, businesses, government agencies, homeowners and others in San Diego and throughout California to apply renewable energy options.

As administrators of four state programs promoting renewable energies in San Diego, CCSE offers technical assistance and significant financial incentives to homeowners and businesses to adopt clean energy practices. These incentive programs provide funds for solar photovoltaic (PV) systems, solar water heating, fuel cells and a wide variety of alternative fuel and advanced energy storage technologies. Below is a listing of program accomplishments in 2012.

During 2012, CCSE presented 63 workshops on solar PV and solar water heating to a broad range of stakeholders, from introducing homeowners to solar to training professionals how to install solar thermal systems.

Programs

San Diego Renewable Energy Programs for the California Public Utilities Commission

- **California Solar Initiative (CSI)**
Residential & commercial solar photovoltaic systems
- **California Solar Initiative – Thermal**
Residential & commercial solar water heating
- **Multifamily Affordable Solar Housing (MASH)**
Solar photovoltaic systems for low-income residential housing
- **Self-Generation Incentive Program**
Commercial fuel cells, energy storage, cogeneration & other systems

Programs Outside of San Diego

- **City of Palo Alto PV Partners**
Residential & commercial solar PV
- **Pacific Power CSI Program**
Residential & commercial solar PV

Program	Incentive Totals	# Projects	Generation Capacity
<i>In San Diego County</i>			
CSI Residential	\$3.95 million	3,517	19.1 megawatts
CSI Nonresidential	\$.062 million	28	1.3 megawatts
CSI Thermal	\$1.32 million	63	71,013 kWh; 81,883 therms*
Multifamily Affordable Solar Housing	\$2.4 million	6	675 kilowatts
Self-Generation Incentive Program	\$11.27 million	9	2.8 megawatts
<i>In Northern California</i>			
Pacific Power CSI (residential & nonresidential)	\$.086 million	42	1.4 megawatts

*Energy displaced

Building Performance

Increasing Energy Efficiency

Effectively addressing California’s energy needs in the near- and long-term begins in our homes and at millions of buildings – the built environment consumes more than 40 percent of the nation’s total energy. Energy efficiency and building performance are the most constructive, cost-effective ways to address the challenges of high energy prices, energy security, air pollution and global climate change.

CCSE’s Building Performance Mission

We develop programs that achieve residential and small commercial energy savings through retrofitting, “whole home” performance and workforce job training.

CCSE works with a variety of local, regional and statewide stakeholders to reduce energy consumption, create jobs and improve the quality of homes and buildings. Upgrading building performance not only saves energy and cuts utility bills, it makes the spaces we occupy more comfortable, healthful and safer.

As part of Energy Upgrade California, CCSE manages contractor participation in San Diego County, including recruitment and technical training. In conjunction with the program, CCSE is involved in home performance workforce development as a Building Performance Institute training affiliate and through a variety of trade-specific educational and internship offerings. Stakeholder and community engagement included a wide range of activities from working with local governments, businesses and real estate agents to homeowner workshops and demonstration open houses. During 2012, funding for many of these actions came from a Department of Energy’s Better Buildings program grant.

Programs

San Diego Energy Efficiency Programs

- **Energy Upgrade California in San Diego**
Rebates for whole house energy upgrades performed by participating contractors
- **Better Buildings Program**
Department of Energy program to support Energy Upgrade California
- **San Diego Home Energy Upgrade**
City program for home energy upgrades for low- & moderate-income households
- **San Diego Hero Alliance**
Program to assist military and veteran communities achieve home energy efficiency

Programs Outside of San Diego

- **Energy Upgrade California Roadshow**
Mobile exhibit on home energy savings
- **Green Real Estate Advantage**
Resources for realtors & financing
- **Demostration Homes Open Houses**
Showcasing energy upgraded homes

2012 Building Performance Statistics	
Energy Upgrade California 176 Advanced projects 65 Basic projects	Modeled energy savings 211,656 kWh & 25,849 therms (Advanced projects only)
660 San Diego Home Energy Upgrade projects	Modeled energy savings 223,470 kWh & 44,819 therms
37 Demonstration Home open houses	1,012 attendees
2 GETUP trainings	19 participants
5 Green Real Estate trainings	61 participants; 73 assessment vouchers
Building Performance contractor training	71 trainees

Clean Transportation

Driving to Zero Emissions

California's transportation sector produces an estimated 200 million metric tons of greenhouse gas emissions annually, accounting for about 40% of the statewide total, and is the primary source of air pollution. Achieving California's goals of significantly improving air quality and lowering total greenhouse gas emissions will require transitioning from gas-guzzling vehicles to cleaner ones that run on alternative fuels with reduced emissions.

CCSE's Transportation Mission

We promote alternative fuel vehicles and the infrastructure to support their development and widespread adoption.

CCSE's Transportation Programs are helping pave the way for the acceleration and adoption of zero-emission vehicles in California through consumer incentives, cutting-edge research and regional stakeholder engagement. We are working with a variety of local, regional and statewide stakeholders to promote zero-emission and plug-in electric vehicles (PEVs) and coordinate municipal planning and vehicle infrastructure. We offer vehicle data on program statistics through data sharing and an interactive mapping tool, providing key information to stakeholders and city planners necessary to plan and prepare for mass PEV adoption.

As administrator of the statewide Clean Vehicle Rebate Project (CVRP), CCSE manages the nation's largest clean vehicle incentive program for the California Air Resources Board. During fourth quarter 2012, plug-in electric vehicle sales in California reached a record-setting two percent of all new cars purchased or leased in the state. The team also published PEV readiness reports for the San Diego region, in conjunction with the San Diego Association of Governments, and the San Joaquin Valley, with the SJV Air Pollution Control District, as part of a grant from the California Energy Commission.

Programs

Clean Transportation Programs

- **Clean Vehicle Rebate Project**
Rebates for zero-emissions and plug-in electric vehicles administered statewide
- **Plug-in & Get Ready**
Local, regional and statewide projects supporting PEV readiness & infrastructure
- **Clean Cities Program**
Planning, education & outreach promoting alternative and renewable fuels
- **Airport Vehicle Rebate Program**
San Diego program of rebates and incentives for clean cabs and shuttles

Clean Transportation Resources

- **PEV Owners Survey**
Semi-annual reports on driving & charging habits of CVRP recipients
- **CVRP Statewide Workshop Series**
Planning, marketing & hosting events
- **Second Life for EV Batteries Study**
Research and evaluate EV battery use beyond powering transportation
- **San Diego Clean Cab Partnership**
Promoting clean taxis in the region

2012 Transportation Program Statistics		
Clean Vehicle Rebate Project	10,800 rebates	\$21,000,000
Clean Transportation Events, Workshops & Meetings	62 events	74,112 attendees
Airport Vehicle Rebate Program	141 rebates	\$454,500

Policy & Planning

Advancing Partnerships & Strategies

Policy and planning initiatives play an important role in encouraging and supporting the deployment of renewable energy and sustainable practices in California. CCSE participates in relevant legislative proposals, fosters key government and industry relationships, develops policy and planning initiatives and sponsors community and stakeholder outreach activities. We interact extensively with the California Public Utilities Commission and the California Energy Commission and provide support to the San Diego Association of Governments, local municipalities and many other agencies.

CCSE's Policy & Planning Mission

We engage regional, state and national stakeholders in discussions leading to policies and planning for a clean energy future.

Notable this year was the appointment of Sachu Constantine as CCSE's director of policy. He brings 20 years' experience managing and implementing complex clean energy projects and programs, including serving the California Public Utilities Commission (CPUC) as lead analyst for the California Solar Initiative and distributed generation issues.

During 2012, the Policy & Planning team contributed to a wide variety of sustainable energy issues. In conjunction with local collaborators, CCSE made considerable contributions to efforts leading to the CPUC's approval of 2013-14 investor-owned utility energy efficiency programs, influencing a range of matters from the direction of the "whole building" energy program approach to the expansion of the role of local governments in implementing energy efficiency programs.

CCSE also participated in CPUC proceedings to develop and modify policies, procedures and rules for the California Solar Initiative, the Self-Generation Incentive Program and other distributed generation concerns. At the California Energy Commission, CCSE commented on numerous items, including the 2012-2013 investment plan for the Alternative and Renewable Fuel and Vehicle Technology Program in support of clean vehicles and fuels and the first triennial investment plan for the Electric Program Investment Charge for clean energy technologies and approaches.

With funding from local governments, the team's research staff completed a regional mapping project that identifies the potential of San Diego County communities for making residential energy efficiency improvements. They also contributed to many CCSE projects and reports, including the development of a widely published infographic on the use and charging behaviors of California's plug-in electric vehicle owners.

Programs

Policy & Planning

- **Federal Legislation**
Providing a range of services to local, regional and state agencies to help implement federal energy programs and ongoing research, analysis and reporting
- **California Legislation**
Supporting issues related to renewable and distributed generation, climate change/greenhouse gas emissions, energy efficiency, rates/utilities, clean transportation and green building
- **Regional Energy Planning**
Participating in state, regional, local and binational policy and planning with a focus on providing technical support to the San Diego Association of Governments (SANDAG)
- **Regulatory Affairs & Resources**
Monitoring and commenting on regulatory proceedings of the California Public Utilities Commission and the California Energy Commission in response to rulings and proposed decisions and attending and participating in workshops and forums
- **Research & Analysis**
Working with various partners to provide timely, policy-relevant research on sustainable energy issues

Education & Outreach

A Greener Learning Adventure

It requires considerable knowledge to make the informed decisions necessary to achieve a sustainable energy future. CCSE engages people of all ages in educational activities that provide practical solutions through our website, workshops, classroom programs and community events across the state. We focus on consumer workshops about solar energy, energy efficiency and clean transportation, professional training in solar installation and home performance and “green” classroom enrichment programs.

CCSE’s Education Mission

We advance sustainability and energy efficiency through workshops, workforce development and participation in community events.

CCSE changed its educational focus during late 2012 with the closing of the San Diego Energy Resource Center, a utility ratepayer-funded program operated cooperatively with San Diego Gas & Electric. After more than a decade of providing a suite of educational workshops at CCSE’s Balboa Avenue location, SDG&E decided to open the Energy Innovation Center in Clairemont. CCSE continued to offer workshops and training at the new center and, after January 2013, at CCSE’s new location in Kearny Mesa. Additional workshops were conducted in South Orange County and El Segundo.

New in 2012 was the creation of the Energy Upgrade California Residential Roadshow, a 26-foot mobile exhibit that connects people to the concepts of home energy efficiency and promotes the benefits of the statewide upgrade program. In November, the Roadshow went on a statewide tour, stopping at 13 venues in 10 cities from San Diego to San Francisco in just more than two weeks.

CCSE believes that children do not have to grow up to start having a positive impact on the planet. To help them, we conduct classroom Green Learning Adventures and Green Career Adventures that deliver interactive, hands-on educational fun.

Programs

Education & Outreach

- **Green Learning Adventure**
Hands-on activities that provide practical solutions to help live more sustainably
- **Green Career Adventure**
Introduces high school students, teachers and counselors to careers in the green industry
- **Community Outreach Events**
Organizing and participating in public activities that support sustainability
- **Workshops**
Consumer education, professional development and industry training

2012 Education & Outreach Statistics

Onsite CCSE Workshops	143 events	3,115 participants
Other Workshops at CCSE	50 events	2,914 participants
Community Events	151 events	Innumerable attendees
Green Education Initiatives	184 classrooms 18 events	5,369 students; 227 teachers 6,270 attendees
Roadshow Events	71 events	5,033 participants