

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company
(U338E) for Approval of its 2009-2011 Energy Efficiency
Program Plans And Associated Public Goods Charge
(PGC) And Procurement Funding Requests.

A. 08-07-021
(Filed July 21, 2008)

And related Matters.

A. 08-07-022
A. 08-07-023
A. 08-07-031
(Filed July 21, 2008)

**REPLY COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC)
ON THE PROPOSED “DECISION DETERMINING EVALUATION, MEASUREMENT
AND VERIFICATION PROCESSES FOR 2010 THROUGH 2012 ENERGY
EFFICIENCY PORTFOLIOS”**

April 5, 2010

Noah Long
Natural Resources Defense Council
111 Sutter Street, 20th Floor
San Francisco, CA 94104
415-875-6100
nlong@nrdc.org

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans And Associated Public Goods Charge (PGC) And Procurement Funding Requests.

A. 08-07-021
(Filed July 21, 2008)

And related Matters.

A. 08-07-022
A. 08-07-023
A. 08-07-031
(Filed July 21, 2008)

**REPLY COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC)
ON THE PROPOSED “DECISION DETERMINING EVALUATION, MEASUREMENT
AND VERIFICATION PROCESSES FOR 2010 THROUGH 2012 ENERGY EFFICIENCY
PORTFOLIOS”**

I. Introduction

Pursuant to Rules 1.9, 1.10, and 14.3 of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) respectfully submits these reply comments on Administrative Law Judge (ALJ) David Gamson’s proposed “Decision Determining Evaluation, Measurement and Verification Processes for 2010 through 2012 Energy Efficiency Portfolios,” dated March 9, 2010 (PD). Opening comments from parties were submitted March 29, 2010 and reply comments are due April 5, 2010. NRDC is a non-profit membership organization with over 250,000 members and activists in California and a longstanding interest in minimizing the societal costs of reliable energy services.

In these reply comments we agree with other parties to:

- encourage the Commission to adopt this PD with modifications, but leave open the possibility in further changes to the management and budgets of evaluation, measurement and verification (EM&V) in R. 09-01-019;
- recommend the PD be modified to clarify the value of avoided greenhouse gas emissions for natural gas efficiency programs and;
- recommend the PD be clarified with regard to its approval of EM&V methods for behavioral programs.

II. Discussion

1. **Decisions on EM&V should remain flexible while the Commission determines the appropriate Risk Reward Incentive Mechanism for 2010-12 and beyond.**

We strongly agree with Sempra that all decisions on EM&V have a potential impact on the Risk Reward Incentive Mechanism (RRIM). (Sempra, pp. 9-10) While it is appropriate to set policy and budgets for EM&V in this proceeding, we urge the Commission to view the policies set here as open to potential change in R. 09-01-019. We encourage the PD be adopted as modified by the recommendations here and in our Opening Comments. However, the demands for EM&V may change based on decisions regarding the RRIM. The Commission opened R. 09-01-019 specifically for the purpose of dealing with policy issues related to the RRIM and it would be inappropriate for this decision to constrain the policy options available to the Commission.

2. **The PD should include an avoided cost value for greenhouse gas emissions for natural gas**

NRDC agrees with Sempra that the PD should be clarified to note that any value associated with avoided greenhouse gas emissions should be used for the calculation of benefits from electricity and natural gas efficiency programs. (Sempra, pp. 8-9)

3. **NRDC supports use of behavioral programs, with savings determined ex-post.**

We agree with PG&E and that the PD should clarify that it approves experimental design as appropriate EM&V for residential and commercial behavioral programs on a pilot basis. (PG&E, pp. 11-12; NRDC, p. 4) We support the PD's decision to count savings for the program on a purely ex-post basis and note our disagreement with Southern California Edison on this point.¹ (SCE pp.5-6) If the Commission determines through this process that experimental design is not a sufficient method for counting these savings, other methodologies will have to be developed before the savings can be counted and credited. However, if the programs do indeed produce additional savings that can be reliably counted through experimental design, we see no reason to withhold credit for their effective deployment, as recommended by TURN and DRA. (DRA, pp3-4; TURN, pp. 5-8)

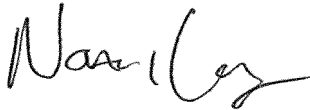
¹ We recognize, however, that some ex-ante assumption may be necessary for future program planning and prospective cost effectiveness assessments.

III. Conclusion

NRDC appreciates the opportunity to offer these reply comments on the PD and commends the Commission and Energy Division for their efforts to improve Evaluation, Measurement and Verification efforts. We recommend the Commission adopt the PD with the modifications recommended here and in our Opening Comments.

Dated: April 5, 2010

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Noah Long". The signature is written in a cursive, flowing style.

Noah Long,
Energy Program Attorney

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the “Reply Comments of the Natural Resources Defense Council (NRDC) on the proposed ‘Decision Determining Evaluation, Measurement and Verification Processes for 2010 Through 2012 Energy Efficiency Portfolios’” in the matter of A. 08-07-021 et al. to all known parties of record in this proceeding by delivering a copy via email or by mailing a copy properly addressed with first class postage prepaid.

Executed on April 5, 2010 at San Francisco, California.



Shari Walker
Natural Resources Defense Council
111 Sutter St., 20th Floor
San Francisco, CA 94104
415-875-6100
swalker@nrdc.org