

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine
the Commission's Post-2008 Energy
Efficiency Policies, Programs, Evaluation,
Measurement, and Verification, and
Related Issues.

Rulemaking 09-11-014
(Filed November 20, 2009)

**THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS
IN RESPONSE TO THE ASSIGNED COMMISSIONER'S RULING
AND SCOPING MEMO, PHASE I**

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I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits the following reply comments in response to the "Assigned Commissioner's Ruling and Scoping Memo, Phase I" (ACR), issued May 21, 2010. DRA's reply comments focus on parties' responses germane to the forward-looking investigation of the Scoping Memo. DRA's comments do not respond to comments that are out-of-scope, or that request the California Public Utilities Commission (Commission or CPUC) to make changes to the evaluation, measurement, and verification (EM&V) structure that have already been addressed in the recent EM&V Decision (D.) 10-04-029.

II. DISCUSSION

**A. Many Parties Agree that Substantial Changes to the
EM&V Framework Should be Well-Vetted.**

In general, most parties appear to share similar concerns about changing the EM&V framework without a process that ensures appropriate examination and transparency. For example the Natural Resources Defense Council (NRDC) proposes that the Commission should "provide a proposal for EM&V modification that

stakeholders can respond to in written comments and discuss at a workshop before issuing a proposed decision on the matter.”¹ PG&E voices similar concerns:

“To ensure broad support among stakeholders for changes to the EM&V structure and policy that may be adopted in this proceeding, it is critical that there be a forum in which stakeholders can be educated on the specifics of each of these areas, engage in an open and honest exchange of ideas as to which policies and procedures are best suited to California’s energy efficiency model, and make informed recommendations to the Commission. The Commission should not attempt to resolve these questions solely through solicitation of party comments.”²

SCE observes that the Commission should develop updates to the EM&V framework through “thoughtful, collaborative processes to fit the unique circumstances...” of California.³

While DRA agrees that parties require more information and discussion before formally commenting on the merits or problems of given methodologies, this should not preclude the Commission from moving forward to establish an EM&V framework this year that is capable of measuring all the Commission’s goals. As a matter-of-fact, the Energy Division (ED) is currently working to ramp-up both EM&V and program performance metrics (PPMs) for 2010-12 energy efficiency (EE) portfolios. PPM development is a subset of the larger effort to measure market transformation progress, as well as to determine whether market barriers remain that require ratepayer dollars to fund EE programs or whether the end-game has been reached.

¹ Comments of NRDC on Assigned Commissioner’s Ruling and Scoping Memo for Phase I – EM&V, filed June 4, 2010, (NRDC Comments), p. 2.

² Comments of Pacific Gas and Electric Company to Assigned Commissioner’s Ruling and Scoping Memo, Phase I, filed June 4, 2010, (PG&E Comments), p. 3.

³ Southern California Edison Company’s Comments on Assigned Commissioner’s Ruling and Scoping Memo, Phase I, filed June 4, 2010, (SCE Comments), p 2.

As DRA recently recommended, the Commission should transfer responsibility of PPM development to ED and its expert contractors.⁴ PPM logic models can be utilized as the building blocks for developing formal Market Transformation (MT) protocols. DRA has previously recommended in this rulemaking that formalized MT criteria and measurement protocols should be established as part of the CPUC's effort to update the EM&V framework. The CPUC should utilize the Northwest Energy Efficiency Alliance (NEEA) as the model for developing market transformation criteria and measurement protocols. The Commission should further consider as part of improving the framework that EM&V efforts may require diverging approaches to implement and measure short-term and long-term energy efficiency strategies.

B. Parties Have Varying Perspectives on the Sequential Priorities for 2013-15 Planning Needs.

Parties appear to have a range of opinions about how planning priorities should be set leading up to 2013 energy efficiency (EE) programs. PG&E states:

“...before examining broad policy issues or trying to determine which technical updates to evaluation protocols are called for, it is appropriate to first set in place the foundation of the 2013-15 energy efficiency programs themselves” and “first update the Long Term Energy Efficiency Strategic Plan...”⁵

SCE asserts: “It is also not possible to develop an optimal EM&V framework until the new RRIM is decided.”⁶ TURN states: “A new focus on EM&V efforts that will better enable assessment of market transformation and demand reduction must develop in parallel with the ongoing efforts to conduct meaningful EM&V of existing programs, rather than at the expense of those efforts.”⁷

⁴ DRA Protest to Joint Utility Advice Letter on Program Performance Metrics, June 17, 2010. In its Protest, DRA asserts that the Utilities have demonstrated their inability to develop both short and long-term metrics for the PPMs.

⁵ PG&E Comments, p. 2.

⁶ SCE Comments, p. 2.

⁷ Opening Comments of The Utility Reform Network on the Assigned Commissioner's Ruling and

Although the parties express different priorities, the divergence in these priorities illustrates the need for the Commission to determine which of them it considers most important, and to address those actions by prioritizing them in a formal Roadmap. This should occur before the commencement of the process to plan and launch 2013-15 EE programs. Such planning should not preclude the development of some priorities in tandem.

C. Parties Offer a Variety of Short-Term Recommendations to Better Inform Updates to the EM&V Framework.

DRA agrees that certain actions should be undertaken in the short-term to support informed updates to the California EM&V framework. PG&E recommends that it is more

“appropriate to address these issues set forth in D.09-09-047” and that they should be “the subject of Commission workshops, where subject matter experts on issues of technical evaluation and measurement and the practices of other jurisdictions can educate the stakeholders and provide an opportunity for meaningful dialogue as to the approach that may best suit California’s energy efficiency model.”⁸

SCE proposes that the schedule incorporate “Completion of a comprehensive review of current EM&V technical and institutional frameworks by a qualified contractor.”⁹

TURN recommends that “the pilot described as ‘EM&V Project Number 12: Energy Consumption Surveys’ [in D.10-04-020] provides an appropriate foundation for addressing on an aggregate level energy efficiency’s impact on consumption over time” be “set in motion at the earliest opportunity.”¹⁰

DRA agrees that the Commission should hire and manage the work of a contractor to provide a report on the advantages and disadvantages of various methodologies

Scoping Memo, filed June 4, 2010 (TURN Comments), p. 4.

⁸ PG&E Comments, p. 4.

⁹ SCE Comments, p. 1.

relevant to California. The Report should be released to parties in advance a workshop where Report findings can be presented and discussed. Use of the Report and updates to the framework should be considered in the context of a prioritized Roadmap leading to 2013.

III. CONCLUSION

Based on a general consensus from parties that it is necessary to fully vet any changes to the EM&V framework and to appropriately prioritize planning actions, DRA recommends:

- The Commission solicit comments from parties on the order in which priorities should be planned for all actions and policies required (including timing of EM&V framework update and the shareholder incentive mechanism proceeding) to form a Roadmap to launch 2013-15 EE programs on time.
- The Commission should publish (and revise as necessary) the Roadmap that it will follow to undertake the prioritized actions.
- The Commission should utilize contractors to evaluate and report on various advanced EM&V methodologies.
- The Report should be presented in a public forum and allow for formal stakeholder comment.
- The public forum should provide for a variety of expert presentations and stakeholder dialogue on how the EM&V framework should be updated and explore the extent to which the framework requires to be updated, complemented, or entirely replaced.
- The Commission should consider whether timely initiation of a pilot to measure consumption at the whole building level (D.10-04-029) as part of EM&V efforts currently being implemented for 2010-12 programs, would serve as a good foundation to inform any changes to the EM&V structure.

¹⁰ TURN Comments, p. 5.

Otherwise, it may be a lost opportunity if it is not initiated with the implementation of relevant 2010-12 EE programs.

- The Commission should transfer the development of Program Performance Metrics (PPMs) from the Utilities to the Energy Division and utilize that process to develop formal Market Transformation protocols that can be included in the updated EM&V framework.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS IN RESPONSE TO THE ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO, PHASE 1** the official service list in **R.09-11-014** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on June 18, 2010 at San Francisco, California.

/s/ NANCY SALYER
NANCY SALYER

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.
