



## **DRA**

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California Public Utilities Commission*

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### **Subject: Protest to PG&E's Advice Letter 3137-G/3704-E**

The Division of Ratepayer Advocates (DRA) protests Pacific Gas and Electric's (PG&E) Advice Letter 3137-G/3704-E proposing to transfer \$577,539 in unspent 2009 Low Income Energy Efficiency (LIEE) funds to increase its Microwave Pilot program from \$300,000 for Program Years 2009-2011 to \$877,539. PG&E's request is contrary to the Commission's direction in Decision (D.) 08-11-031 authorizing the 2009-2011 LIEE programs, which states that pilots should be evaluated first then expanded if positive evaluation results warrant such an expansion.<sup>1</sup> PG&E's request is in violation of the directive given by the Commission in D.08-11-031 on how pilot expansion works. PG&E in its Advice Letter asks for permission to nearly triple a pilot program prior to the planned evaluation of the program.

#### **A. PG&E's Microwave Pilot and Commission requirements for LIEE pilots**

PG&E requested and received authorization in D.08-11-031 to include in its LIEE program the installation of 3,750 microwaves over the years 2009-2011.<sup>2</sup> As of June 2010, PG&E reported installing 1,941 microwaves through the LIEE program.<sup>3</sup> PG&E's microwave installations are right on schedule in accordance with its Program Implementation Plan. For example, PG&E is 50% through the LIEE 2009-2011 program and has installed 52% of the intended microwaves. However, PG&E only began reporting microwave installations in its December 2009 LIEE and CARE report.

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<sup>1</sup> D.08-11-031, Ordering Paragraphs (OP) 68, 71, and 73.

<sup>2</sup> The Commission in D.08-11-031, Ordering Paragraph 69 approved PG&E's original microwave pilot plan to install 5,000 microwaves for \$300,000. The Commission subsequently approved on July 23, 2010 PG&E's revised microwave pilot plan in AL 3026-G/3479-E of June 23, 2010 to install 3,750 microwaves for \$300,000.

<sup>3</sup> PG&E Monthly CARE and LIEE Report of June 2010 in A.08-05-022 et. Al.,

The Commission's approval of PG&E's pilots was accompanied by the direction to evaluate the pilot. "The Commission believes that the pilots should be accompanied by reporting and evaluation requirements."<sup>4</sup> PG&E has expressed its intention to comply with the Commission's in its Pilot Evaluation Plan submitted June 23, 2010. In this Plan, PG&E defines success of the pilot as "PG&E expects success to be cost effective energy savings for feasible installations. In addition to determining impacts for this measure, PG&E wants to establish feasible installation criteria to achieve maximum savings at the lowest cost."<sup>5</sup> PG&E's interpretation of D.08-11-031 is incorrect. Clearly, the Commission had asked for a more specific and detailed report in OP # 71. And, the Commission also requires that all affected IOUs shall make clear recommendations as to whether the pilots should be expanded.<sup>6</sup>

**B. DRA protests PG&E's request on the grounds that program expansion should happen after, not before, the pilot is proven successful.**

PG&E states in its request for additional funding that microwaves are a cost-effective measure and each one installed has resulted in 37.7 kWh and 17 therms of energy savings. However, these savings estimates are only engineering estimates based on assumptions that microwaves will replace conventional ovens in cooking one meal a day, 365 days a year. In fact, in its monthly reports on the energy savings of microwaves, PG&E notes "[8] Microwave savings are calculated on the basis of microwave electric use displacing larger, less efficient electric or gas oven/cooktops used to heat food. Where the customer has an electric oven/cooktop, electric microwave use is less than the total electric oven savings, resulting in net kWh savings. Where the customer has a gas oven/cooktop, electric microwave use is shown as a net usage increase because savings are attributed to therms. To date, all participating customers have had gas ovens/cooktops. The savings assumptions used for this pilot will be verified in an impact evaluation." Meanwhile, PG&E's evaluation is working toward verifying actual energy savings based on the pre- and post- billing data of the actual low-income homes that receive microwaves through PG&E's pilot.

The Commission's intention is that pilot expansions should be based on the results of evaluations. Ordering Paragraph 73 of D.08-11-031 states: "At a bare minimum, the IOUs shall submit upon completion of any pilot and the subsequent evaluation, a Final

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<sup>4</sup> D.08-11-031, p. 151 and Ordering Paragraph 71.

<sup>5</sup> PG&E AL 3026-G/3479-E of June 23, 2010.

<sup>6</sup> OP # 68

Pilot Report that includes the following: .....Recommendations, including whether the pilot should be expanded to all eligible customers and/or expanded to other partners as well as reasons for or against this action; solutions to problems that were encountered, and changes proposed for expanding successful pilots to the larger LIEE program.” D.08-11-031 is clear that evaluations must be first completed, and then assessed with the Energy Division and other IOUs prior to pilot expansions. Therefore, it is premature to expand the program before the evaluations are completed.

It is important to note that PG&E states that its gets its authority for this advice letter through OP 85. However, as OP 85 and page 1 of the Advice Letter states: IOUs “may carry over funds from program year to program year or budget cycle to budget cycle.....**but may not allocate carry-over funds to . . . pilots or studies.**” (Emphasis added). Clearly, the Commission is cautious in overfunding pilot programs and has set stringent requirements and rules for any such carry over. Therefore, this advice letter must be taken with a presumption that PG&E cannot expand its Pilot Program unless all the rules and requirements as discussed in the Protest are first satisfied.

**C. DRA recommends the Commission require PG&E to base any request to expand its Microwave Pilot program on the results of the Microwave Pilot program evaluation**

PG&E has enough time to both complete its evaluation of the microwave pilot, at least the preliminary results, and, if merited, request an increase to the program before the end of the LIEE program cycle. PG&E estimated in its Microwave Pilot Program Implementation Plan that the evaluation would be completed in April 2010 based on an installation start date of September 2009. PG&E reported its first microwave installations began in December 2009, three months later than anticipated. Even with a three month delay in the evaluation, at least the preliminary evaluation results should be available by this time or very soon.

PG&E mentions in its request that its rapid installation rate would allow for approximately 6,300 additional microwaves to be installed through December 2011 (assumedly if the AL is approved on August 11, 2010 as PG&E requests.) If PG&E’s installation rate is so rapid, then any delay required to incorporate verified energy savings into the request to expand the pilot would not significantly compromise the installation of microwaves during the 2009-2011 LIEE program years.

In conclusion, DRA requests that the Advice Letter be denied and for PG&E to refile when it has met the all the requirements, as clearly laid out in D.08-11-031

Any questions on this matter should be referred to DRA's Project Coordinator for Low-Income Energy Programs, Karen Watts-Zagha at (415) 703-2881.

Sincerely,

/s/ DAVE ASHUCKIAN

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