

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)
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**REPLY COMMENTS OF THE UTILITY REFORM NETWORK
TO ASSIGNED COMMISSIONER'S RULING**

Cynthia K. Mitchell
Energy Economics Inc.
530 Colgate Court
Reno, Nevada 89503
Phone: (775) 324-5300
Email: ckmitchell@sbcglobal.net

Marybelle C. Ang
Staff Attorney
The Utility Reform Network
115 Sansome Street, Suite 900
San Francisco, CA 94104
Phone: (415) 929-8876
Fax: (415) 929-1132
Email: mang@turn.org

July 23, 2010

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I. INTRODUCTION

Pursuant to the schedule adopted in the July 2, 2010 Assigned Commissioner's Ruling (ACR) to review the Commission's existing energy efficiency evaluation, measurement and verification (EM&V) practices, The Utility Reform Network (TURN) respectfully submits these reply comments. The July ACR expanded the EM&V review by asking follow-up questions based on parties' input to the May 21, 2010 ACR. Party comments were filed July 16. TURN responds very briefly to three issues raised by these comments.

II. DISCUSSION

1. Spillover and Net-to-Gross (NTG) Ratio

TURN questions NRDC's conclusion that current attribution in California causes "systematic underestimations of savings", and possibly, "under-investment in energy efficiency". In particular, TURN highlights the fact that while the IOUs administer hundreds of EE programs and sub-programs, the 2006-08 (and 2009 bridge year) portfolios were dominated by CFL savings, which Energy Division's 2006-08 M&V work did not find to have promoted

“spillover” into other consumer-financed EE savings. Furthermore, the IOUs’ *ex ante* NTG ratio default value of 0.80, recommended by NRDC for the Commission to use, is based on an average of numerous EM&V studies of programs implemented during 1994-1999 that do include spillover.¹

2. Market Transformation

TURN appreciates DRA’s comprehensive analysis of market transformation metrics and concrete recommendations for developing long-term energy savings. DRA is correct to highlight that the current “risk-averse approach to long-term strategies,” which lacks “accountability for savings decay caused by utility program design,” will eventually result in ratepayer funding for “redundant resources.” TURN agrees with DRA that the IOUs have not demonstrated a willingness to invest in long-term savings for the BBEES, nor the ability to successfully administer the market transformation process.

3. Working Groups of Evaluation Practitioners to Explore Best Practices for California in EE and Facilitate Collaboration

¹ See Response of the Division of Ratepayer Advocates, The Utility Reform Network, and the Community Environmental Council to Petition for Modification of Decisions 07-09-043 AND 08-01-042 by Pacific Gas and Electric Company, Southern California Edison, San Diego Gas & Electric Company and Southern California Gas Company (Sept. 15, 2008), p. 19, footnote 59:

The DEER updates to NTG will likely result in the largest percentage decrease in the IOUs’ claimed savings. It is not surprising that the Utilities’ efforts have largely focused on eliminating the NTG adjustment in its entirety. These efforts are often couched in terms of the purported unfairness of requiring the IOUs to apply current NTG values that they had no input in establishing, especially where those values net out freeridership without also adding back in positive spillover market effects. While this is not the appropriate place to go into a detailed debate on NTG, DRA, TURN, and CE Council take this opportunity to point out two important facts: (1) the current NTG values were in fact derived by the IOUs, and (2) that the current NTG values include the effects of freeridership and both participant and nonparticipant spillover. CALMAC Workshop Report 9/25/2000 Proposed NTG Ratios for PY2001 Program Elements Attachment A: PG&E, SCE, SDG&E, SCG, September 22, 2000; and CALMAC Public Workshops on PY 2001 EE Programs: Day 1&2 September 12 and 13, 2000, Day 3&4 September 19 and 20, 2000.

The current definition of NTG does not allow for the inclusion of spillover effects, see R.06-04-010, Energy Efficiency Policy Manual EEPM v. 4.0 August 6, 2008. D. 07-10-032, page 126, states that the Commission is willing to entertain proposals for counting savings for the 2009-2011 program cycle from participant spillover only, to the extent program impact evaluation studies can identify quantifiable savings.

TURN does not support SCE's proposal for a working group modeled after the California Measurement Advisory Council. TURN advises strongly against having a utility-dominant or utility-managed framework to oversee and guide EM&V activity .

III. CONCLUSION

TURN appreciates the opportunity to provide these comments and looks forward to continuing to work with the Commission towards making EM&V a more effective tool in reaching California's consumption and GHG reduction goals.

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Respectfully submitted,

By: _____/S/_____
Marybelle C. Ang
Staff Attorney

The Utility Reform Network
115 Sansome Street, Suite 900
San Francisco, CA 94104
Phone (415) 929-8876
Fax: (415) 929-1132
Email: mang@turn.org