

Joint IOU Petition For Modification of D.09-09-047 Summary

September 16, 2010

The IOUs plan to file a joint Petition for Modification of D.09-09-047 on September 17, 2010. The Petition will address the following issues:

1) *Ex Ante* Assumptions

Issue: D.09-09-047 directed the Energy Division to freeze all *ex ante* assumptions used for planning and reporting accomplishments for the 2010-2012 cycle; the freeze was to occur at the time the 2010-2012 activity was starting. To date, *ex ante* assumptions are not frozen for the 2010-2012 program cycle.

Request: Amend the Decision language to specify more clearly which data sets and processes should be frozen, and freeze this data immediately.

2) Benchmarking

Issue: The Decision directs the IOUs to: (1) benchmark 100% of specific building types (e.g., commercial, Savings by Design, etc.); and (2) reach a numerical goal for benchmarking (e.g., 50,000 buildings). The IOUs believe this is not a reasonable directive, as it does not recognize that:

- Energy Star Portfolio Manager tool (ESPM) is the best available benchmarking tool, produces a nationally recognized and standardized score, and aligns with the CEC's benchmarking requirements that will be effective January 1, 2011.
- This tool requires a customer driven process that is not within the control of the IOUs, as the customer must elect to set up an Energy Star account and initiate the benchmarking process.
- Other barriers to 100% benchmarking compliance include the inability to benchmark "carve outs" of buildings for individual tenants, and confidentiality concerns, as customers may not consent to release data needed for benchmarking.

Request: Remove the existing requirement to benchmark all specified facilities and reach a numerical benchmarking goal. Instead require the IOUs to actively support benchmarking through training, marketing, customer support, automated data transfer, and other activities as detailed in the Petition.

3) Co-Branding

Issue: The Decision directs the IOUs to use the new statewide brand alone or co-branded with the IOU logos for all energy efficiency marketing efforts for all programs. The IOUs believe there are scenarios in which it is not appropriate to co-brand and seek to ensure that both the IOU and new statewide brands are effectively and appropriately leveraged.

Request: Modify the Decision to require IOU approval for use of their logos with the new statewide brand for the ME&O or other statewide EE programs. The IOUs request that co-branding not be required for programs not funded by EE funds, campaigns that bundle EE and non-EE programs, advertising solely funded by IOU shareholder funding, and EE local and third party program-specific marketing funded by EE funds. The IOUs

also propose that co-branding with IOU brands begin in conjunction with the launch of the mass media phase of the ME&O campaign and after brand awareness has been established.

4) Whole House Programs

Issue: The Energy Division and the Joint IOUs have determined it is technically infeasible to achieve an average of 20% annual energy savings and reduce the annual energy consumption of 130,000 homes over the program cycle through the Whole House Programs, as currently required by the Decision. There is also not currently a process to implement a program expansion to low income, middle income, and multifamily customers if the Joint IOUs deem it appropriate to do so.

Request: Modify the Decision to require an average of 10% annual energy savings for the Prescriptive (basic) strategy of the Whole House Program and approve a minimum 10%¹ energy savings per treated home/unit for the IOUs local performance (advanced) strategy. Also clarify Decision language to clearly state the market saturation goal of 130,000 homes represents an aspirational goal and is for the entire state, not specific to the IOUs.

5) Statewide Program Variations

Issue: The IOUs are currently required to implement nearly identical statewide programs. While the IOUs believe this consistency is important, there are some situations which warrant variations for one or more IOUs.

Request: Modify the Decision to allow for statewide program variations among IOUs that would be reported through EEGA by the deviating IOU, with justification. Any variation of incentives that is greater/less than 50% of the agreed upon statewide incentive level or any program modification that would require a modification to the program logic model would require immediate Energy Division notification.

6) Sponsorship Costs

Issue: The IOUs request clarification on which sponsorship-related costs are allowable EE costs. The Joint IOUs agree with Energy Division's recommendations that costs for major national EE conferences that solely provide company-specific recognition or status should not be considered allowable administrative costs, but that EE program-specific sponsored events or activities that directly promote programs or partnerships should be allowable costs.

Request: Modify the Decision to recognize the agreement with Energy Division referenced above related to allowable sponsorship costs.

7) California Advanced Homes Program

Issue: The Decision requires the IOUs to offer a \$1,000 performance bonus through the California Advanced Homes Program (CAHP) if certain requirements are met, but it is unclear whether this is meant to apply to single family units only, or to multifamily units as well. A \$1,000 bonus for multifamily units is disproportionately high and introduces considerable free-ridership concerns.

¹ PG&E requests a minimum of 15% for its local program.

Request: Modify the Decision to specify the CAHP performance bonus should apply to single family units only. If the Commission adopts a performance bonus for multifamily units, the Commission should grant the IOUs the latitude to offer a more proportional incentive of \$200 for multifamily units, or a territory-specific incentive such as marketing dollars, customized engineering reports, etc.

7) Joint Contracting on Statewide Programs

Issue: Agreements between competitors such as the Joint IOUs concerning core elements of the competitive process could be viewed as unlawful under antitrust laws under certain circumstances.

Request: Modify the Decision to provide a finding that explicitly authorizes the Joint IOUs to engage in certain specific activities (e.g., joint contract requirement development, negotiations, implementation, etc.) that are necessary to collaboratively implement the EE statewide programs as ordered by the Commission.