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)

REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON STRATEGIC PLAN LIGHTING CHAPTER

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits these reply comments on the Proposed Decision Adopting Lighting Chapter of Energy Efficiency Strategic Plan (PD). DRA supports the PD and offers these comments to respond to changes requested in the opening comments of others.

II. DISCUSSION

On September 13, 2010, Pacific Gas and Electric Company (PG&E),[1] Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) (filing jointly),[2] and the Natural Resources Defense Council (NRDC)[3] filed comments on the PD. PG&E and NRDC continue to support ongoing subsidies for compact fluorescent lamps (CFLs). NRDC claims that a

[1] Comments of Pacific Gas and Electric Company to Proposed Decision Adopting Lighting Chapter of Energy Efficiency Strategic Plan, September 13, 2010 (PG&E Comments).

[2] Southern California Edison Company's and San Diego Gas & Electric Company's Comments on Proposed Decision Adopting Lighting Chapter of Energy Efficiency Strategic Plan, September 13, 2010 (SCE/SDG&E Comments).

[3] Opening Comments of the Natural Resources Defense Council (NRDC) on the Proposed Decision Adopting Lighting chapter of Energy Efficiency Strategic Plan, September 13, 2010, (NRDC Comments).

> "simple phase-out of all CFL incentives in the near term would be counter-productive as upcoming standards do not go into full effect until 2018, and the lack of incentives in the mean time may result in a reduction of both short-term and long-term energy savings."[4]

PG&E claims that "there are significant and cost-effective energy savings still available for CFLs,"[5] citing the paper "Market Transformation and Resource Acquisition: Challenges and Opportunities in California's Residential Efficiency Lighting Programs."[6] SCE and SDG&E take a more moderate position, recommending that "FoF 5 should also be revised to incorporate less restrictive language on the incremental benefits of basic CFLs."[7]

These recommendations are at odds with the determination in Commission Decision (D.) 09-09-047 to move away from subsidizing basic CFLs towards subsidies for more advanced lighting technologies.[8] D.09-09-047 offers a number of reasons for the shift away from basic CFL subsidization: "It appears quite clear, from rising free-ridership values and the data on household CFL saturation, that much of the low-hanging fruit has been captured over prior program cycles."[9] Additionally, the D.09-09-047 explains that;

> "In contrast to market circumstances only a few years ago, CFLs are now both widely available in retail stores and reasonably priced. Available data indicate that relatively high levels of CFL sales are being recorded throughout the U.S., even in the absence of the high levels of utility-ratepayer subsidies characteristic to California."[10]

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[4] NRDC Comments, pp. 1-2.

[5] PG&E Comments, p. 2

[6] PG&E Comments, p. 2.

[7] SCE/SDG&E Comments, p. 4.

[8] D.09-09-047, p. 139.

[9] D.09-09-047, p. 137.

[10] D.09-09-047, p. 137.

D.09-09-047 therefore reduced PG&E's requested level of spending on basic CFLs by 50% as the Commission focused on moving towards investment in next-generation lighting technologies recognizing these market forces and effects.

Other organizations have already phased out or eliminated funding for CFLs. The Northwest Energy Efficiency Alliance (NEEA) recognized that its strategy regarding CFLs should change due to the success of its programs and changes in the market. By the end of 2008 it had effectively eliminated subsidizing CFLs.[11] Similarly, the Connecticut Department of Public Utility Control plans to eliminate upstream incentives for common CFLs by this year.[12]

The Commission in D.09-09-047 also recognized that unwarranted price supports hinder market transformation: "Keeping the market price for program CFL artificially low represents a sink on ratepayer resources and can impair important competitive forces which help to improve lighting technologies over the near and long term."[13] Furthermore, the Commission noted that existing incentives for basic CFLs exceed $1 per bulb, which appears unreasonably high based on national price data. Reducing incentive levels is therefore unlikely to dramatically impact program sales.[14]

NRDC recommends encouraging the redesign of CFL incentives to capture short and mid-term savings opportunities by continuing CFL while incentivizing "super CFLs" as they become available. NRDC contends that potential energy savings from CFLs cannot be realized without further and more targeted market intervention as shown by the sharp drop in CFL sales in the last 2 years.[15] NRDC offers no support or evidence that the sharp drop in CFL sales in the last 2 years is due to reduced subsidy levels. In fact, a more likely explanation for decreased

[11] NEEA Presentation to the 2010 mid-year NASUCA Conference, June 14, 2010, www.nwalliance.org

[12] D.09-09-047, p.138.

[13] D. 09-09-047, p. 138.

[14] D.09-09-047, p. 141.

[15] NRDC Comments, p. 5.

CFL sales is that the market has been flooded with millions of highly subsidized CFLS are currently in a closet. The Commission remarked on the relatively low installation rates associated with upstream lighting programs noting

> "Furthermore, we believe there is an opportunity to expand socket penetration leveraging significant number of bulbs which the Residential Metering Study finds remain in storage. Outreach and education efforts associated with the lighting program should focus on ensuring bulbs funded through upstream programs are installed reliably such that they generate new savings consistent with the intent of our public-purpose program. We direct the utilities to submit in their compliance filing an outreach campaign focused on getting these bulbs out of storage and into sockets."[16]

Another reason why sales of CFLs have dropped may be the short life of the bulbs sold through upstream rebate programs. The bulbs originally were expected to last 7-9 years, but have closer to a 2-3 year life, with some bulbs lasting a few weeks. The concern over CFL mercury content and lack of recycling opportunities may also play into the drop in sales.

III. CONCLUSION

The Commission has moved away from CFL-dominated portfolios towards promoting market transformation in lighting and shifting ratepayer funding out of basic CFLs. The comments of PG&E, NRDC, SDG&E and SoCalGas attempt to persuade the Commission to reverse course and should not be accepted.

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[16] D. 09-09-047, pp. 142-143.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **"REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON STRATEGIC PLAN LIGHTING CHAPTER"** to the official service list in **R.09-11-014** by using the following service:

[X] 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 **September 20, 2010** at San Francisco, California.

/s/ REBECCA ROJO

Rebecca Rojo

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