



# DRA

*Division of Ratepayer Advocates  
California Public Utilities Commission*

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November 29, 2010

Julie Fitch, Director  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue,  
San Francisco, CA 94102

**SUBJECT: The Division of Ratepayer Advocates' Reply Comments on  
Draft Resolution E-4385**

The Division of Ratepayer Advocates (DRA) submits these reply comments in response to comments submitted November 22 on Draft Resolution E-4385, which approves Program Performance Metrics (PPMs) for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas).<sup>1</sup> PG&E,<sup>2</sup> SCE,<sup>3</sup> SDG&E,<sup>4</sup> and SoCalGas<sup>5</sup> each submitted Advice Letters (ALs) on May 28, 2010 that attempted to comply with Decision (D.) 09-09-047's directive that each of the Utilities submit Program Performance Metric ALs with "proposed logic models and program performance metrics for each statewide program and associated subprograms"<sup>6</sup> as well as submission of "key data sources and indicators for which to begin collecting market transformation baseline data".<sup>7</sup> Comments were filed by the Utilities jointly, DRA,<sup>8</sup>

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<sup>1</sup> DRA's comments refers to PG&E, SCE, SDG&E and SoCalGas as "Utilities."

<sup>2</sup> Advice Letter 3120-G/3675-E

<sup>3</sup> Advice Letter 2476-E

<sup>4</sup> Advice Letter 2172-E/1951-G

<sup>5</sup> Advice Letter 4114

<sup>6</sup> D.09-09-047, OP 11.

<sup>7</sup> D.09-09-047, p. 97.

<sup>8</sup> The Division of Ratepayer Advocates' Comments on Draft Resolution E-4385.(DRA)

<sup>9</sup> Comments of the Natural Resources Defense Council (NRDC) on Draft Resolution E-4385 Approving Utility 2010-2012 Energy Efficiency Program Performance Metrics and Identifying Market Transformation Indicators. (NRDC)

<sup>10</sup> TURN Comments on Draft Resolution E-4385 Approving for 2010-2012 Statewide Energy Efficiency

Natural Resources Defense Council (NRDC),<sup>9</sup> and The Utility Reform Network (TURN).<sup>10</sup>

## **DISCUSSION**

- **NRDC suggests more detailed metrics that appear likely to provide more information about progress toward market transformation.**

NRDC notes “There are a number of metrics that could be used to evaluate progress toward market transformation for a particular product (e.g., sales of the product, level of knowledge, availability, saturation, etc.) as well as varied levels of these metrics or combination of these metrics.”<sup>11</sup> NRDC supports additional metrics and development of trigger points, baseline criteria and evaluation of program performance to adjust to market conditions. DRA agrees that the metrics should be expanded to include NRDC’s suggested revisions.

- **DRA agrees with NRDC and TURN that public workshops would likely improve the metrics.**

NRDC requests public workshops, the opportunity to comment and establishment of further criteria as soon as possible.<sup>12</sup> TURN shares its concern regarding how the PPM or MTI metric process will work going forward.<sup>13</sup> DRA agrees that these suggested improvements in the process likely yield improved metrics.

- **NRDC correctly observes that the Commission should outline the expected use of the information collected for market transformation indicators (MTI).**

NRDC states that it is important to determine the expected use of the information such as whether the information will be used to (a) trigger program modification or redirection to the next generation of efficient product or practice, (b) to determine when the market is sufficiently transformed for subsequent program cycle planning, or (c) recommend changes to program funding?<sup>14</sup> DRA envisions that the information will be used for all

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Programs.(TURN)

<sup>9</sup> Comments of the Natural Resources Defense Council (NRDC) on Draft Resolution E-4385 Approving Utility 2010-2012 Energy Efficiency Program Performance Metrics and Identifying Market Transformation Indicators. (NRDC)

<sup>11</sup> NRDC Comments, p. 2.

<sup>12</sup> NRDC Comments, p. 3.

<sup>13</sup> TURN Comments, p. 2.

<sup>14</sup> NRDC Comments, pp. 2-3.

three purposes, but Draft Resolution is silent on the process for ensuring that the information is used for the intended uses.

- **“The Commission should clarify the progress for ensuring that the “IOUs will work with ED EM&V to determine appropriate and consistent methodologies to measure this MTI”<sup>15</sup>**

DRA agrees that the Utilities and Energy Division (ED) will need to work together to further the development of MTI, but the Commission should clarify that ED has the final decision regarding appropriate MTI (and PPMs). Absent such clarification, there is a significant risk that the process will grind to a halt. It is not clear if the Utilities have previously offered ED a chance to review, accept, reject or modify the Utilities’ proposed modifications, especially since the document was present as the outcome of a collaborative process. Nevertheless, there are other parties, including DRA, TURN and NRDC who deserve to voice their concerns in determining market transformation processes and other outcomes of this proceeding.

The Draft Resolution states “the Joint Utilities should work collaboratively with Energy Division staff to consider the resolution comments and select a subset of these initial market transformation indicators (“final market transformation indicators”) for data collection, tracking and reporting through 2010-2012 energy efficiency evaluation, monitoring, and verification (RM&V) activities.”<sup>16</sup> The Draft Resolution calls for posting of final market transformation indicators no later than September 2011. As DRA has pointed out, collaboration is fine but ED must have the final decision making authority.

- **The Utilities’ comments fail to support their concern that the Evaluation, Measurement and Verification (EM&V) budgets will be inadequate to support the studies need for PPM baseline studies and Market Transformation Indicator Studies.**

The Utilities voice the concern that “the limited 2010-2012 timeframe and budget will not support the heavy reliance on EM&V efforts toward PPM baseline studies and Market Transformation Indicator (MTI) analyses.”<sup>17</sup> Yet the Commission authorized \$125 million for EM&V of the 2010-2012 portfolio.<sup>18</sup> While providing no details about the costs he associated with the PPMs and MTIs as set forth in the Draft Resolution’s appendices, the Utilities recommend that Energy Division “prioritize and limit MTIs to

<sup>15</sup> Utilities’ Comments, pp. 20-23, 26-28, 30-31.

<sup>16</sup> Resolution E-4385, p. 11.

<sup>17</sup> Utilities’ Comments, p.3.

<sup>18</sup> D.10-04-029, Conclusion of Law 6.

what is important and necessary to track program progress.”<sup>19</sup> Given the importance of establishing baselines for PPMs and performing MTI analyses, the Commission should disregard the suggestion that this important aspect of EM&V be given a lower priority or otherwise not funded.

Sincerely,

/s/ LINDA SERIZAWA

Program Manager  
Electricity Pricing and Customer Programs Branch  
Division of Ratepayer Advocates

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cc: Cathy Fogel, Energy Division  
All CPUC Commissioners  
Karen Clopton, Chief ALJ  
Frank Lindh, CPUC General Counsel

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<sup>19</sup> Utilities’ Comments, p. 3.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS ON DRAFT RESOLUTION E-4385** by using the following service lists attached:

**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 **November 29, 2010**, at San Francisco, California.

/s/ NANCY SALYER  
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NANCY SALYER