

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)

**THE DIVISION OF RATEPAYER ADVOCATES' REPLY COMMENTS IN
RESPONSE TO ASSIGNED COMMISSIONER'S RULING SOLICITING COMMENTS**

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I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits the following reply comments as provided for in the "Assigned Commissioner's Ruling Soliciting Comments" (ACR) issued on November 17, 2010. The ACR invites comments on the "Energy Division White Paper and Proposal on the 2010 Energy Efficiency Goals Update and Related Matters," which is attached to the ACR, and requests recommendations regarding the schedule for the Commission's establishment of post-2012 energy efficiency savings goals and other portfolio planning matters.

DRA responds below to some of the recommendations and observations of the Natural Resources Defense Council (NRDC)¹ Southern California Gas Company and San Diego Gas & Electric Company (SoCalGas/SDG&E),² Pacific Gas and Electric Company (PG&E),³ The Utility Reform Network (TURN)⁴ the Local Government and Sustainable Energy Coalition,⁵ and Southern California Edison Company (SCE).⁶

DRA's support for extending the 2010-2012 energy efficiency program cycle for an additional year in order to allow a more complete update of goals and potential studies is premised on the use of accurate and independently verified *ex ante* savings values during the extended program cycle. If the Commission decides to freeze the *ex ante* values submitted by the Utilities on or after March 31, 2010, without incorporating the significant changes and recommendations of the Energy Division to ensure that those values are accurate, and in turn decides to use those *ex ante* values for an additional year, then DRA believes that it would be

¹ Comments of the Natural Resources Defense Council (NRDC) on Assigned Commissioner's Ruling Regarding Goals, Strategic Plan, and Cost Effectiveness Updates, December 3, 2010 (NRDC Comments).

² Comments of San Diego Gas & Electric Company and Southern California Gas Company on Assigned Commissioner's Ruling Soliciting Comments, December 3, 2010 (SoCalGas/SDG&E Comments).

³ Comments of Pacific Gas and Electric Company in Response to Assigned Commissioner's Ruling Soliciting Comments, December 3, 2010 (PG&E Comments).

⁴ Comments of The Utility Reform Network on Issues related to Extension of the 2010-2012 Energy Efficiency Portfolio Period, December 3, 2010 (TURN Comments).

⁵ Comments of the Local Government Sustainable Energy Coalition on Assigned Commissioner's Ruling Soliciting Comments on Energy Efficiency Savings Goals and Other Portfolio Planning Matters, December 3, 2010 (LGSEC Comments).

⁶ Southern California Edison Company Comments to Assigned Commissioner's Ruling Soliciting Comments, December 3, 2010 (SCE Comments).

better to maintain the current three-year program cycle in order to limit the length of time that inflated and inaccurate energy savings values are locked in place.

II. DISCUSSION

A. The value of additional time for planning would be negated if the Commission locks in inaccurate *ex ante* values for the 2010-2012 program cycle.

PG&E supports extending the current program cycle for an additional year, but recommends the continued use of *ex ante* values adopted for the 2010-2012 program cycle.⁷ If the Commission determines to adopt the Utilities' unverified *ex ante* values, rather than ones that have been reviewed and verified by the Commission's Energy Division⁸ and would use those values during an extended program cycle, DRA would not support extending the current program cycle for an additional year, because any gains in improved program planning and the development of updated goals would be negated by the use of inaccurate and overstated energy savings values.

B. DRA agrees that the portfolios should be aligned for cost effectiveness.

TURN's Comments note the 2010-2012 portfolios do not appear to be cost effective based on the most recent results of E3 calculator runs that incorporate 2006-2008 evaluation, measurement and verification (EM&V) results.² Revising the portfolios to improve their cost-effectiveness should be a top priority under any circumstances, but especially if the current portfolio is extended for another year.

⁷ PG&E Comments, p. 2, p. 7.

⁸ The Proposed Decision of Administrative Law Judge Gamson Addressing the Petition for Modification of Decision (D.) 09-09-047 (PD) in A.08-07-021 would use *ex ante* values reviewed and verified the Energy Division. The Alternate Proposed Decision of Commissioner Grueneich Addressing the Petition for Modification of D.09-09-047 (APD) Decision (D.) 09-09-047 would use *ex ante* values submitted by the Utilities, many of which are inaccurate and fail to use the EM&V results of the 2006-2008 program cycle.

² TURN Comments, pp. 2-3.

C. The Local Government and Sustainable Energy Coalition raises a valid concern about the value of additional information but it may not be feasible to wait till June 2011 to start the process.

LGSEC recommends waiting until June 2011 before determining whether to extend the 2010-2012 program cycle by an additional year.¹⁰ LGSEC contends that that if the Commission pursues the issues in the White Paper beginning now, it would be better positioned six months from now to make an informed decision about whether to extend the current program cycle for an additional year. DRA appreciates the value of additional information in deciding how to move forward with updating goals and planning portfolios, but on balance believes that it makes sense to make the determination sooner rather than later whether to extend the program year in order to prioritize resources and maximize efficiency.

D. DRA agrees that periodic reviews of the portfolio would be helpful, but there is no need to establish a review body to monitor the progress of portfolio implementation.

The National Resources Defense Council (NRDC) recommends that if the Commission adopts an extended program cycle, it should “require the IOUs to hold an annual workshop to discuss the progress of the portfolio at a high level to give the CPUC and stakeholders insight into the program achievements to date.”¹¹ LGSEC concurs and recommends including input from local governments and third party implementers.¹² SDG&E and SoCalGas disagree and contend that the Commission’s “current oversight and reporting mechanisms are quite adequate.”¹³ SCE believes the current process is “more than sufficient to manage poorly performing programs of the portfolio.”¹⁴

DRA agrees that an annual workshop would be helpful to the Commission and stakeholders in monitoring the progress of the portfolios. For example, such a mechanism could assist the Commission and stakeholders in preventing the portfolios’ over reliance on measures

¹⁰ LGSEC Comments, p. 7.

¹¹ NRDC Comments, p. 3.

¹² LGSEC Comments, pp. 6-7. LGSEC observes in general that “local governments should play and increasingly vital role in shaping the course of energy efficiency and integrated energy polices in California.” LGSEC Comments, p. 9. DRA agrees.

¹³ SoCalGas/SDG&E Comments, p. 4. SCE Comments, p. 8.

¹⁴ SCE Comments, p. 8.

that produce short-term energy savings and do not advance the goals of the California Energy Efficiency Strategic Plan, i.e. compact florescent lamps.

NRDC also recommends that the Commission “establish a comprehensive review body charged with monitoring the overall progress of portfolio implementation and include the responsibilities of the Peer Review Group (PRG) as a subgroup of this new body.”¹⁵ DRA disagrees that creating another advisory body is necessary or likely to advance the goals of energy efficiency. DRA’s experience with the Program Advisory Group and Program Review Groups was that they consumed significant resources, yet produced little commensurate value. DRA believes it is more useful for the Commission to conduct workshop and allow parties the opportunity to provide comments through existing means than to create a new advisory body.

E. DRA that DEER should be updated but only if values that reflect the 2006-2008 Energy Efficiency Evaluation Report are used.

SoCalGas and SDG&E recommend that “DEER should also be updated accordingly so that the required energy efficiency measure cost effectiveness inputs are readily available.”¹⁶ DRA agrees the DEER should be updated, but the values should reflect the most recent 2006-2008 evaluation studies and Energy Division should oversee the process, with the Administrative Law Judge available to resolve disputes if necessary.¹⁷

III. CONCLUSION

DRA agrees with the recognition that energy efficiency in California is at a cross roads, but encourages the Commission to consider an issue even more fundamental than updating goals and potential and revising cost-effectiveness inputs. As stated in its opening comments, the Commission should consider whether the current administrative structure is delivering the energy efficiency savings that ratepayers should expect, given the billions of dollar they are investing in energy efficiency. DRA believes that it is time to take a look at other options that limit the role of the Utilities in delivering energy efficiency programs, such as third party administration.

¹⁵ NRDC Comments, p. 4.

¹⁶ SoCalGas/SDG&E Comments, p.3.

¹⁷ See e.g. Proposed Decision of Administrative Law Judge Gamson Addressing the Petition for Modification of Decision (D.) 09-09-047 (PD) in A.08-07-021, p. 16.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**THE DIVISION OF RATEPAYER ADVOCATES’ REPLY COMMENTS IN RESPONSE TO ASSIGNED COMMISSIONER’S RULING SOLICITING COMMENTS**” to the official service list in **R.09-11-014** by using the following service:

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 **December 10, 2010** at San Francisco, California.

/S/ MARTHA PEREZ

Martha Perez