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 SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON ASSIGNED COMMISSIONER'S RULING SOLICITING COMMENTS

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I.
INTRODUCTION

Pursuant to direction provided in the November 17, 2010 *Assigned Commissioner's Ruling Soliciting Comments* ("Ruling"), San Diego Gas & Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") (also referred to as the "Joint Utilities") provide their reply comments in response to various parties' comments.[1]

II.
THE SEMPRA UTILITIES URGE THE COMMISSION TO CONDUCT ANALYSIS TO DETERMINE THE APPROPRIATE ENERGY EFFICIENCY ("EE") GOALS AND BUDGETS FOR 2013.

PG&E and SCE make various recommendations to the Commission regarding the potential EE goals and budgets for the 2013 program year. For example, SCE recommends; "the fourth year funding requirement should be comparable to a year's worth of funding in the 2010-2012 cycle, or $409.3 Million." (at page 10) PG&E, likewise, proposes, "the total portfolio for 2013 be established upfront equal to 1/3 of the current three-year portfolio budget." (at page 6)

[1] Comments were filed by: Local Government Sustainable Energy Coalition ("LGSEC"), California Energy Efficiency Industry Council ("CEEI"), Natural Resources Defense Council ("NRDC"), Division of Ratepayer Advocates ("DRA"), The Utility Reform Network ("TURN"), Southern California Edison Company ("SCE"), Pacific Gas and Electric Company ("PG&E").

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The Sempra Utilities contend that it is not as simple as proportionally increasing the budget when the goals have not been appropriately set. Based on Table 2 of D.09-09-047, for example if there is no goal analysis conducted, SDG&E shows a declining electric KWH goal over the 2010-2012 but shows a 35% increase in 2013. A simple proportional allocation would not potentially be sufficient to meet this goal. Therefore, it is critical for the Commission to establish savings goals for 2013 before the budgets are set.

III.
THE COMMISSION SHOULD FOCUS ITS PLANNING EFFORTS ON THE ISSUES IDENTIFIED IN THE ACR.

All parties' comments are supportive of Energy Division's Option B proposal to extend the current program cycle PY 2010-2012 to include the PY 2013 program year. Option B lays out the various studies and activities that must be accomplished prior to filing the next cycle's program portfolio applications. The Commission's planning plate is full with the following activities taking priority: updating DEER, EE potential, EE goals, avoided costs, updates to the Strategic Plan and RRIM. In addition, the Sempra Utilities have requested that analysis be conducted immediately to determine the 2013 savings goals and budgets.

However, other parties would add to this already full plate by asking the Commission to once again revisit the issue of program administration. TURN urges the Commission to use that time to pursue two steps to improve the prospects of success for this portfolio period, and to revisit now the question of the appropriate utility role in the administration of future ratepayer-funded. (see Section I.B.) Similarly, DRA believes that the Commission should examine other options that limit the role of the Utilities in delivering energy efficiency programs, such as third party administration. (at page 1)

The Joint Utilities submit, however, that addressing this question yet again would be a waste of Commission's, Staff's and parties' time and resources when no one has provided new compelling information that would materially affect the considerations the Commission laid out in D.05-01-055 in making its final determination that utilities are the logical choice for program administration after almost a decade of examining alternatives. D.05-01-055 concludes (at pages 8-9):

> *"Even if the IOUs were not once again responsible for resource procurement, we would have significant concerns about placing responsibility for Program Choice and Portfolio Management responsibilities with third-party administrators. One of those concerns relates to the degree of control we could exert over third parties under the contractual arrangements relied on under those proposals. In order to meet our goals for energy efficiency, we must have the authority to hold program administrators fully accountable for delivering energy savings. As discussed in this decision, we believe that this authority is clearly established with our regulatory oversight of the IOUs, but considerably less certain under the proposals for independent administration.*
>
> *In addition, our unsuccessful attempts to shift to independent administration for energy efficiency during electric restructuring persuades us that pursuing this approach again would require new statutory authority. The Attorney General and the Department of Finance have clearly articulated the position of these agencies: Ratepayer money such as the PGC is public money that can be held by the IOUs and spent under Commission direction, but in the absence of specific legislation, cannot be moved to an outside trust account or bank account. Therefore, even if we desired to pursue a model that transfers funds from the IOUs to an outside entity, we would first need to seek legislation similar to the provisions that authorize the transfer of telecommunication public purpose funds to treasury accounts, or PGC funds to the CEC treasury accounts.*
>
> *This would delay our ability to move forward with a permanent administrative structure for energy efficiency, create uncertainty with respect to the outcome of that legislative process, and render program funding vulnerable to borrowing by the Legislature."*

Therefore, the Joint Utilities urge the Commission to focus all its and interested parties' efforts on working cooperatively on the various planning requirements that must actually be completed to ensure a smooth transition from the current EE program cycle to the next cycle with the necessary updates to goals, polices and RRIM.

Dated: December 10, 2010

Respectfully submitted

By /s/ Steven D. Patrick
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<u>CERTIFICATE OF SERVICE</u>

Pursuant to Rule 3.2 of the Commission's Rules, I hereby certify that I have this day served a copy of the foregoing **REPLY COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) ON ASSIGNED COMMISSIONER'S RULING SOLICITING COMMENTS** on all parties of record in **R.09-11-014** by electronic mail and by U.S. mail to those parties who have not provided an electronic address to the Commission.

Copies were also sent via Federal Express to Administrative Law Judge D. Farrar and Commissioner D. Grueneich.

Dated at Los Angeles, California, this 10th day of December, 2010.

/s/ Marivel Munoz
Marivel Munoz

CALIFORNIA PUBLIC UTILITIES COMMISSION
SERVICE LIST - PROCEEDING: R.09-11-014 - LAST CHANGED: DECEMBER 9, 2010

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