



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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February 22, 2011

Julie Fitch
Energy Division Director
Room 4004
California Public Utilities Commission
505 Van Ness Avenue,
San Francisco, CA 94102

**Subject: The Division of Ratepayer Advocates' Protest of
Advice Letter 2548-E 2010-2012 regarding Palm Desert Implementation Plan**

Dear Ms. Fitch:

The Division of Ratepayer Advocates (DRA) submits this protest to the January 31, 2011 Advice Letter (AL) 2548-E of Southern California Edison Company (SCE). DRA is concerned that SCE's Program Implementation Plan for its Palm Desert Demonstration Project fails to articulate clearly how SCE will accomplish the goals of the project. The Program Implementation Plan (PIP) therefore falls short of Decision (D.) 10-12-027's requirement that it "clarify program goals and improve oversight consistent with the recommendations of the Energy Division's Impact and Process Evaluations of the Partnership."¹

The current PIP suffers from some of the same flaws as the one submitted with SCE's Application (A.)10-07-004, and as reflected in the implementation of the Palm Desert Demonstration Project in its first three years. The Energy Division should require revisions to the PIP to ensure that there will be "detailed quantitative and qualitative data to support the direct linking of program actions with outcomes."² Including such basic information in the PIP will allow evaluators to determine whether the Palm Desert Demonstration Project's programs are "successful or replicable."³ DRA recommends that the Energy Division require SCE to further revise the PIP to explain how it will achieve the Palm Desert Demonstration Project's expected outcomes. DRA's specific concerns are summarized below.

The PIP should specify the concern or gap that each Pilot Initiative is designed to address.

D.09-09-047 explained that the:

¹ D.10-12-027, p. 2.

² D.10-12-027, p. 15, citing the Final Palm Desert Partnership and Demonstration Project Implementation Assessment" at p. 3. The study covers the program years 2007 and 2008 and can be found at <http://www.energydataweb.com/cpuc>.

³ D.10-12-027, p. 15, citing the Final Palm Desert Partnership and Demonstration Project Implementation Assessment," at p. 3.

“purpose of a pilot project is to test a new and innovative concept, partnership, or program design that is intended to address a specific area of concerns nor gap in existing programs or advance a Strategic Plan goal or strategy.”⁴

According to the PIP, the Palm Desert Demonstration Project will offer nine different Pilot Initiatives.⁵ Although the PIP provides an overview of each of the Pilot Elements, it does not explain the specific concern or gap that each Pilot Element is designed to address, but instead describes generally what the activities will be. For example, “Energy Efficiency Upgrade” is “a direct contact approach with residential customers utilizing an energy survey as the basis for educating the customers” in order to encourage customer participation in other program offerings.⁶ It is unclear the concern this Pilot Initiative is designed to address or how it differs from the previous behavioral messaging initiative.⁷

The “Municipal Facilities” element will “continue to work with the City to maintain the efficiency level it has already achieved and to explore new project opportunities.” It is unclear what specific concern or gap it is designed to address or that it involves new, innovative designs, concepts or measure mixes that have not yet been tested or employed.⁸

The “Residential and Commercial Rebates” element will offer “many of SCE’s core energy efficient measures” using the Set to Save brand. The PIP explains that “[r]ebate incentives are fundamental to any energy efficiency design platform” but does not otherwise explain the specific concern or gap that the element is designed to test.⁹

The PIP should explain how it will determine what elements of the Pilot Initiatives contribute to the outcomes.

The PIP explains that the Palm Desert Demonstration Project is based on three “fundamental overarching strategies of the Program known as “elements.”¹⁰ Those three elements include delivery approaches, incentives and technology. Four of the Pilot Initiatives include one or more elements. The One-Stop-Shop for Pool Pumps Initiative and the Municipal Facilities Initiative include both the

⁴ D.09-09-047, p. 48.

⁵ PIP, pp. 4-5 lists the following Pilot Initiatives: One-Stop Shop for Pool Pumps, Energy Efficiency Upgrade, Commercial Rebates, Residential Rebates, Commercial Strategy (multiple sectors), Small Business Direct Install, Emerging Technologies (multiple technologies), Municipal Facilities and Reach Codes.

⁶ PIP, p. 4.

⁷ Participants in the OPower Behavioral Messaging Pilot received personalized Home Energy Reports designed to motivate and educate recipients to take actions to improve their home energy efficiency. SCE stated that the Palm Desert Implementation Project would discontinue field testing of its Behavioral Messaging Pilot during the 2010-2012 program cycle, noting that it was still conducting analysis of the pilot results. Response of Southern California Edison Company and Southern California Gas Company to Administrative Law Judge's Ruling Dated September 8, 2010, filed September 24, 2010 in A.10-07-004.

⁸ D.09-09-047, p. 48.

⁹ PIP, p. 5.

¹⁰ PIP, p. 1.

approach and incentive element. The Emerging Technology Initiative includes both the approach and the technology element. The Commercial Strategy element contains all three program elements: approach, incentive and technology. It is unclear from the current PIP how SCE will measure which of the elements was responsible for the success or failure of that Pilot Initiative. SCE should revise the PIP to explain how it will determine which element was responsible for the outcome of a particular initiative. This type of evaluation and data collection is important to consideration of whether the Palm Desert Implementation Project Pilot Elements can be replicated on a wider basis.

The PIP should include a Proposed Evaluation Measurement and Verification (EM&V) Plan.

D.09-09-047 stated that each Proposed Pilot should include a proposed EM&V plan.¹¹ Although the PIP indicates that it intends to respond to some of the significant issues identified in prior evaluation reports by “increasing the level of documentation rigor for both resource and non[-]resource program initiatives,”¹² SCE’s AL does not include an EM&V plan. It also appears that there are significant unresolved issues regarding the plan for collecting data from the Palm Desert Demonstration Project. For example, SCE acknowledges that the non-resource evaluation report contains good recommendations for tracking program participation data, and that “these data will likely be used to help evaluate the program’s effectiveness,” yet contends that it is premature to identify the data that will be used in the evaluation.¹³ There are only two years left of the proposed five-year pilot, so it appears entirely appropriate to plan now for the data collection of the remaining two-years of the program cycle. The EM&V plan should include a proposal for net-to-gross ratios¹⁴ that will be used, since a pilot project such as this one should not rely on default net-to-gross ratios.

The Energy Division should closely scrutinize enhanced incentives.

SCE reports that “plans for enhanced incentives are still under development.”¹⁵ Given the low cost-effectiveness of SCE’s current portfolio, it is questionable whether higher incentives are a potentially replicable strategy that will yield energy savings commensurate with their cost. If higher rebates are pursued, DRA recommends that the Energy Division ensure that the process for collecting data to monitor the effectiveness of enhanced incentives will allow the Commission to make an informed decision regarding the potential reliability of this strategy. Any proposal for higher rebates should include a net-to-gross ratio specific to the higher rebates.

Sincerely,

¹¹ D.09-09-047, p. 49.

¹² PIP, p. 15.

¹³ PIP, p. 16.

¹⁴ The net-to-gross ratio is the ratio of customers who participated because of the energy efficiency program to the total number of participants, and is a measure of program effectiveness.

¹⁵ PIP, p. 17.

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Service list for A.10-07-004
Service list for A.08-07-021

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