

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans And Associated Public Goods Charge (PGC) And Procurement Funding Requests.

Application 08-07-021
(Filed July 21, 2008)

And related matters.

Application 08-07-022
Application 08-07-023
Application 08-07-031
(Filed July 21, 2008)

NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rules 8.2(c), 8.3, and 8.5 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) gives notice of the following oral *ex parte* communication, which occurred on June 6, 2011 at 3:30 p.m. in the Commission's San Francisco office. Commissioners Michel Florio and Mark Ferron initiated the all party meeting to discuss the Proposed Third Decision of Administrative Law Judge Gamson Addressing the Petition for Modification of Decision (D.) 09-09-047 (PD). Commissioner Catherine J.K. Sandoval was also present, as were Administrative Law Judge Gamson, Sarah Thomas and Michael Colvin, advisors to Commissioner Ferron, Lindsay Brown and Collette Kersten, advisors to Commissioner Sandoval, Matthew Tisdale, advisor to Commissioner Florio, and Paul Phillips, advisor to Commissioner Timothy Alan Simon. Representatives of other parties including The Utility Reform Network, Women's Energy Matters, Enernoc, Global Energy Partners, Pacific Gas and Electric Company, Southern California Edison Company,

San Diego Gas & Electric Company, Southern California Gas Company, and the Natural Resources Defense Council were present as indicated in the attached sign in sheet and the *ex parte* notices of other parties.

Participating on behalf of DRA were Deputy Director of Energy Dave Ashuckian, project coordinator Monisha Gangopadhyay, and Diana Lee of the Commission's Legal Division. The communication was oral and written. The written material is attached to this notice.

DRA explained that the Commission should adopt the PD, incorporating DRA and The Utility Reform Network's recommendations to:

- replace the PD's use of outdated default net-to-gross values with measure specific net-to-gross values from the 2006-2008 evaluation, measurement and verification (EM&V) studies;
- allow the Energy Division to review and revise as necessary utility workpapers for energy efficiency measures that become high impact measures (HIM) that contribute to at least 1% of the portfolios energy savings during the course of the program cycle, even if those measures were not initial expected to become high impact measures; and
- reflect Energy Division's recommended gross realization rates for energy savings from custom projects.

DRA also noted that a gross realization rate of 1.0, as proposed by Utilities, implementers, and the Natural Resources Defense Council is inconsistent with historical program performance and would unfairly shift the risk of energy savings that are not realized to the ratepayers who are investing in energy efficiency programs. A gross realization rate of less than one should not prevent Utilities from awarding incentives based on actual project performance.

Copies of this Notice may be obtained by contacting Sue Muniz at (415) 703-1858 or sam@cpuc.ca.gov.

Respectfully submitted,

/s/ DIANA L. LEE

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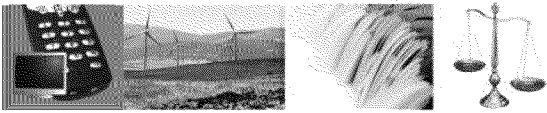
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June 8, 2011

ATTACHMENTS



Energy Efficiency - Proposed Decision on Ex Ante Assumptions -

DRA Position: The Commission should adopt the Proposed Decision (PD) regarding Ex Ante Assumptions and Review of Non-DEER measures and Custom Projects for 2010-2012 Energy Efficiency (EE) portfolios, with modifications.

Background

ffi D.09-09-047 and November 18, 2009 ALJ Ruling required:

- *** Ex-ante assumptions for **DEER** (Database for Energy Efficient Resources) and **Non-DEER** measures be frozen using the best available information as the 2010-12 program cycle was beginning.
- *** Energy Division (ED) to develop a schedule to accomplish that freeze including the review of IOU Non-DEER values.

ffi ED's schedule to determine ex ante values and review process had many delays:

- *** Negotiations between ED and the IOUs took longer than expected.
- *** The IOUs refused to accept the ED's recommendation for modifying the workpapers or the proposed custom review process.
- *** IOUs filed a joint PFM to alter the review processes.

ffi ED's final determination follows Commission direction and utilizes best information on Non-DEER assumptions available in early 2010.

ffi All ED processes and assumptions, including the process for reviewing custom project workpapers, were developed with stakeholder input.

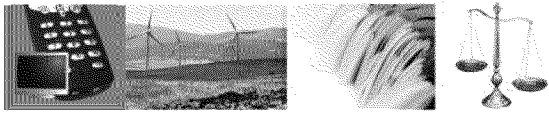
ffi September 17, 2010: PG&E, SCE, SDG&E and SoCal Gas jointly filed Petition for Modification (PFM) of 2010-2012 Portfolio Decision [D.09-09-047].

- *** The PFM sought 28 separate changes in 8 subject areas.

ffi Two CPUC decisions resolved many of the issues raised in the IOUs' PFM [D.11-04-005, D.10-12-054].

ffi PD addresses the remaining issues and would determine the ex ante energy savings values for Non-DEER measures and the method for reviewing custom projects for the 2010-2012 Energy Efficiency (EE) portfolio cycle.

- *** The PD adopts much, but not all, of ED's final input.



The CPUC Should Use Energy Division (ED) Sanctioned Data

- ffi 2010-2012 EE portfolio is largely based on outdated energy savings assumptions derived from the 2004-2005 portfolio cycle, despite the existence of updated 2006-2008 information.
- ffi The few updates and processes proposed by ED would allow the current portfolio to incorporate substantiated and more realistic, updated savings assumptions.
- ffi ED review of custom projects that later turn out to be High Impact Measures (HIMs) would prevent distortions in utility reported savings.
- ffi ED-recommended updates based on historical data are essential, otherwise frozen values are more likely to be over-stated:
 - *** Updated Gross Realization Rates
 - *** Updated Net-to-Gross (free-ridership) estimates replacing default values

DRA Recommendations

- ffi The PD should be revised to:
 - *** Use ED's updated Net-to-Gross values in place of default values.
 - *** Allow ED to review and revise necessary utility workpapers for energy efficiency measures that become High Impact Measures (HIMs) during the program cycle, even if those measures were not initially predicted to be HIMs.
 - *** Use Gross Realization Rates recommended by ED and substantiated by past performance.

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