TO: Service List
FROM: TURN
RE: EM&V Workshop, June 15, 2011
DATE: June 14, 2011

The following passage is taken from the Energy Division White Paper attached to the May 27th ALJ Ruling on Bridge Funding:

"In sum, several parties expressed concerns that there should be a public review process to ensure that the portfolio was updated mid-cycle, and that a public review process should not become complex and onerous, diverting efforts from program implementation and portfolio planning. The EM&V Plan is expected to include targeted research to inform a mid cycle review, which is being explored as detailed project evaluation plans are developed. The key questions this research will address include the effectiveness of certain program strategies through process evaluation, the effectiveness of the portfolio design, and some information on key technologies' savings."[1] (TURN emphasis)

It is TURN's view that the scope of this mid cycle review EM&V Plan is inadequate given the criticisms enumerated below, portfolios that are not prospectively cost effective, limited accountability on how the money is being spent, and a portfolio dominated by CFLs and C&S.

1. 2010-2012 Portfolios are not prospectively cost effective

Energy Division's analysis shows that if the input data for the key variables are based on findings from the 2006-2008 EM&V process, the IOUs' 2010-2012 portfolios are not cost-effective.

The Cost-Effectiveness of the 2010-2012 Energy Efficiency Portfolios under Different Input Assumptions[2]

Summary of the Cost-Effectiveness of the IOUs' 2010-2012 Energy Efficiency Portfolios per the Utilities and CPUC Energy Division

[1] Attachment A, Energy Division White Paper, May 27, 2011, p. 10. ALJ Ruling regarding 2013 Bridge Funding and Mechanics of Portfolio Extension http://docs.cpuc.ca.gov/efile/RULINGS/136133.pdf (p. 10).
[2] ED conducted a limited update of the IOUs' prospective portfolio cost effectiveness in November, 2010. The table above is taken from "Energy Efficiency: Diminishing Results—Emerging Opportunities" TURN comments at the Senate Energy, Utilities & Communications Committee Informational Hearing, Tuesday, June 7, 2011: *Energy Efficiency: Is California's Top Energy Efficiency Strategy Working?*

	Utility Projected Cost-Effectiveness	CPUC Energy Division Adjusted Cost-Effectiveness
PG&E	1.30	0.85
SCE	1.17	0.81
SDG&E	1.33	0.87
SoCalGas	1.50	0.92

We are concerned with two issues related to cost effectiveness:

2 a. Measure data savings updates: What early impact M&V work is being done for the HIMs in the current portfolios? The portfolios remain heavily reliant on lighting measures and CFLs in particular.

2 b. How is the money being spent? While the 2010-2012 programs include an additional $1 billion of funding,[3] they are remarkably similar to the 2006-2008 programs, whereas the savings goals that the IOUs are required to meet are only marginally higher. While the Financial and Management Audit is expected to answer some of these questions, EM&V planning requires that the spending categories be more transparent.[4]

3. Explanation of the claimed Upstream CFL savings to date

PG&E: 170% GWh savings reported relative to projected program goals;

PG&E: 13% GWh savings reported relative to total portfolio goals

SCE: 84% savings reported relative to projected program goals

SCE: 14% GWh savings reported relative to total portfolio goals

[3] The IOUs' 2006-2008 EE Portfolios had a ratepayer price tag of $2.2 Billion; the 2010-2012 Portfolios have an approved budget of $3.1 Billion.

[4] "Overall portfolio cost effectiveness decreased in the 2006-2008 cycle, as compared to historic levels, and was projected to continue to be below historic levels in the 2010-2012 program cycle." *Portfolio Management and Cost Study,* p. 2.

The savings far exceed what was in the proposals. What is the basis for these claims? How many CFLs do these GWh savings correspond to? What are the inputs (NTG, UEC, EUL, Installation Rates) that underlie these savings claims? What are the sources of the values relied on in these calculations?
Are the projected savings figures for CFLs net and the figures reported at the EEGA site as claimed savings to date gross?
What are the IOUs' plans with CFLs for the remainder of the portfolio cycle?

4. What is the basis for the high Codes & Standards savings claims to date?
PG&E: 506 GWh reported to 706 GWh projected (21% of total PG&E portfolio to date)
SCE: 315 GWh reported to 580 GWh projected (12% of total SCE portfolio to date)

Part of the issue seems to trace back to the problematically expansive definition of what the IOUs can count as gross savings from Codes and Standards, and the related definition of the baseline. If this matter is not resolved, the savings from C&S may exceed PG&E's total portfolio goals by 2013.