TURN
THE UTILITY REFORM NETWORK
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CPUC Energy Division
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Re: The Utility Reform Network's (TURN) Protest to Pacific Gas & Electric Company's (PG&E) Advice 3235-G/3901-E, Southern California Edison's (SCE) Advice 2627-E and 2628-E, and San Diego Gas & Electric's (SDG&E) Advice 2287-E

Dear Energy Division:

TURN submits this protest to PG&E Advice 3235-G/3901-E "Request Authority to Shift Funds and Make Other Program Modifications", SCE Advice 2627-E "Request For Cancellation Of Specified 2010-2012 Energy Efficiency Programs And Fundshifting Approval Required For Portfolio Rebalancing" and 2628-E "Request For Increased Funding For The 2010-2012 On-Bill Financing Program", and SDG&E Advice 2287-E "Request for 2010-2012 Energy Efficiency Program Modifications and Fund Shifting Approval".

The advice letters, filed September 12, 2011, seek authorization for fund-shifting and program modifications in the IOUs' portfolios as a result of the Commission's July 14, 2011 Decision D.11-07-030, which adopted changes to the IOUs' *ex ante* energy savings assumptions for key EE measures. These changes reduced the total energy savings and demand reduction that the IOUs can claim and overall portfolio cost-effectiveness. D.11-07-030 directed the IOUs to rebalance their portfolios within 60 days of the decision. TURN's protest, submitted within 21 days (20th day being a Sunday) of the date of the advice filings, is timely.

<u>Summary of Utility Requests</u>

PG&E is requesting a shift of approximately $35 million in 2010-2012 EE funds among 12 statewide and the local government programs. It appears that SCE is requesting to shift $47 million. In a separate advice filing, SCE requests to use unspent local government and institutional partnership funds for local government on-bill financing programs. SDG&E proposes to shift a total of $8,889,200.

<u>Discussion</u>

The utility proposals share certain shortcomings and also raise unique issues. TURN discusses their common problems first, followed by our utility specific concerns.

1. Deficiencies Common to All Advice Filings

As TURN highlighted in its June 16th comments, data from the first 15 months of the portfolio cycle indicated that the IOUs' portfolios as implemented did not abide by D.09-09-047. The fund shifting and program modifications presented in the September 12th advice letters seem to further this trend and continue to neglect the Commission's energy efficiency guidance and goals. As TURN has recommended before, whether one or two years are added to the current portfolio cycle, this time period should be used to make incremental changes to the portfolios to maximize savings and benefits for ratepayers.

TURN recommends that the Commission reject the IOUs' advice letters because they provide no information as to which specific programs and key measures the shifted funds will support and fail to demonstrate how the proposed program and portfolio changes comply with D.09-09-047. Certain specific program changes concern TURN because they appear to be independent of the Commission's objectives and goals.

California Energy Upgrade is a cornerstone of deep and broad energy savings toward not only the Commission's energy efficiency goals but also AB 32 GHG reductions. However, as TURN pointed out in its June 16th comments, the IOUs are woefully behind in their California Energy Upgrade goals, and show no signs of attempting to figure out how to achieve such goals. For example, PG&E is proposing to reduce funding for the Statewide Residential Energy Efficiency Program by $14.4 million, thereby reducing its target for this program cycle from 15,500 homes to 6,000 homes. D.09-09-047 expressly recognized and provided prescriptive guidance on the IOUs' whole house retrofit programs, noting the Commission's vision that residential energy use "be transformed to ultra-high levels of energy efficiency resulting in zero net energy new buildings by 2020."[1] PG&E's proposal in this area also highlights inconsistency between the individual IOU program changes as described in the IOUs' September 12th advice filings. For instance, while PG&E requests to shift funds away from California Energy Upgrade, SCE and SDG&E do not. The Commission should be concerned that the IOUs' have not coordinated their changes, as such changes will impact statewide programs.[2]

The IOUs should not be permitted to modify their programs and fund allocations until they have addressed key issues relating to what EE measures will be supported by the shifted funds, and how any program modifications comply with the directives of D.09-09-047, should the IOUs propose any modifications to program and fund allocations.

2. Issued Raised by PG&E's Advice Filing

[1] D.09-09-047 p. 107.
[2] There are other examples of inconsistencies and lack of coordination across the utilities that TURN is attempting to address per its recent data requests the IOUs.

The Commission should reject PG&E's advice filing until it has addressed the following issues, in addition to the shortcomings raised above:

- Was an analysis conducted of the impact on energy savings, demand reduction, and program and portfolio cost-effectiveness based on the adopted changes to ex ante savings per D.11-07-030? If so, what are the results and findings?
- Was any comparative analysis performed of energy savings, demand reduction, and program and portfolio cost-effectiveness, pre- and post- the adopted changes to ex ante savings per D.11-07-030? If so, what are the results and findings?
- In PG&E's proposed net shift of $19 million for the Commercial EE Program, will any requested funds be spent on commercial basic CFLs and linear fluorescents?
- For 13 program categories listed under section A.1. and Attachment A for which PG&E requests fund shifting, what is the breakdown of the energy savings, demand reduction, and cost-effectiveness for each subprogram and key measure grouping (per Energy Division's High Impact Measure or HIM categorization), (1) through June 30, 2011, (2) projected through December 31, 2012 without fund shifting, and (3) projected through December 31, 2012 with fund shifting?
- For each program and subprogram, what has been the budget expenditure to date?
- How did PG&E conclude that the current LED light product incentives are too low, and that the proposed incentives are appropriate to increase participation? Has any analysis been done as to the cost-effectiveness the LED light products at the higher proposed incentive levels? How does PG&E reconcile LED light product incentives of upwards of $15 given the recent news[3] on the LED $15 pricing breakthrough?

3. Issued Raised by SCE's Advice Filing

The Commission should reject SCE's advice filing until it has addressed the following issues, in addition to the shortcomings raised above:

- Was an analysis conducted of the impact on energy savings, demand reduction, and program and portfolio cost-effectiveness based on the adopted changes to ex ante savings per D.11-07-030? If so, what are the results and findings?
- Was any comparative analysis performed of energy savings, demand reduction, and program and portfolio cost-effectiveness, pre- and post- the adopted changes to ex ante savings per D.11-07-030? If so, what are the results and findings?
- Did SCE base its proposal to reallocate cancelled program funds from the seven programs to the "Public Schools Program" on any process and early impact M&V studies?

[3] "Lighting Science's $15 LED Bulb: Four Reasons Why LEDs Are the New PCs," August 29, 2011, *available at* http://www.greentechmedia.com/articles/read/lighting-sciences-15-led-bulb-four-reasons-why-leds-are-the-new-pcs/ (*last visited* October 3, 2011).

- What schools does SCE expect will participate in the program, and what are SCE's expectations regarding the incentives per school and energy efficiency measures to be installed?
- Regarding SCE's proposal to implement a Solar Schools project through the CA Solar Initiative (CSI) Program that demonstrates "the combined benefits of EE upgrades", what EE measures are being considered as possible EE upgrades and how was the $2 million in energy savings estimated for the project?
- How will the proposed $3.2 million fund shift to CalSPREE (Advanced Consumer Lighting) be spent?
- Regarding the proposed $14.8 million shift to the Commercial EE Program (Deemed Incentives sub-program), what are the deemed savings measures that comprise the claimed savings for the Deemed Incentives sub-program to date, and will the trend in program accomplishments remain essentially the same for the various groupings as experienced to date? What activities might SCE change in the relative mix of key measure savings for the program going forward? Will any requested funds be spent on basic CFLs and linear fluorescents?
- What is the basis for expanding the "CalSPREE Home EE Survey" subprogram, and if any, what are the projected savings for planning purposes from this program?
- Regarding CalSPREE Advanced Consumer Lighting Program – Ambient LED Lighting Trial, what are the current and proposed incentive/rebate levels for each specific LED product? What is the basis for the proposed incentive levels for each specific LED product, including but not limited to market share analysis, participation rates and cost-effectiveness?
- Regarding the CalSPREE Home EE Rebate Program, did SCE perform any process, early M&V, or other market analysis to determine that the "adjustment will increase cost-effectiveness of the program while also promoting the highest levels of energy efficient appliances"?
- What are the specifications of and current rebate level for Tier 1 and 2 refrigerators?
- Did SCE perform any market analysis to determine whether the Technology Resource Incubator Outreach (TRIO) sub-program of the Emerging Technologies program "has been effective in facilitating technology incubation in the 2010-2012 cycle"?
- Regarding SCE's Proposed 2010-2012 EE Fundshifts, what are the energy savings, demand reduction and cost-effectiveness figures for each program, subprogram, and key measure grouping through June 30, 2011, as well as projected through December 31, 2012, with AND without fund-shifting?
- What analyses did SCE perform (process, M&V, market) before deciding not to seek any additional funding for other customer segments related to the reasons[4] provided on page 2 of Advice 2628-E?

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[4] "SCE has determined not to seek any additional funding for other customer segments (other than for customers currently on the waiting list) for the following reasons:
• SCE currently offers the statewide Commercial, Industrial, and Agricultural EE Programs for both customized and deemed measures.
• Small commercial customers (under 100 kW) are eligible for the Commercial

- What time period is reflected in SCE's EE portfolio forecast of $15 million of unspent, uncommitted funds for SCE's local government and institutional partnerships?
- What level of concrete participation and/or interest in on-bill financing is expected from local government and institutional partnerships, based on actual discussions with local government and institutional partnerhips?
- What types of projects and activities are being considered for the on-bill financing program?

4. Issued Raised by SDG&E's Advice Filing

The Commission should reject SDG&E's advice filing until it has addressed the following issues, in addition to the shortcomings raised above:

- Was an analysis conducted of the impact on energy savings, demand reduction, and program and portfolio cost-effectiveness based on the adopted changes to ex ante savings per D.11-07-030? If so, what are the results and findings?
- As there is no summary table of net effects across the programs resulting from the proposed fund-shifting, what are the energy savings, demand redution and cost-effectiveness figures for each program, subprogram, and key measure grouping through June 30, 2011, as well as projected through December 31, 2012 with AND without fund-shifting?

Conclusion

For all these various reasons, TURN protests the advice letters filed by the IOUs and recommends the Commission reject these advice letters as not authorized by or consistent with Commission decision D.09-09-047. The Commission should direct the IOUs to propose any modifications to programs and fund allocations only after gathering the analyses and addressing the issues delineated above.

Direct Install sub-program of the Commercial Energy Efficiency Program.
• Review of OBF participation for the 2010-2012 program cycle indicates that customers in the 100-200 kW category comprise a very small portion of OBF funding to date, and thus there is not substantial demand from this segment.
• Customers over 200 kW most likely have resources to obtain financing through traditional approaches, as needed." Advice 2628-E page 2.

Respectfully submitted,

/s/ MARYBELLE C. ANG

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