

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Reform the Commission's
Energy Efficiency Risk/Reward Incentive Mechanism

Rulemaking 12-01-005
(Filed January 12, 2012)

NOTICE OF EX PARTE COMMUNICATION

October 22, 2012

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Pursuant to Rule 8.2, 8.3, and 8.5 of the California Public Utilities Commission's Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby gives notice of the following ex parte communication. NRDC initiated the communication, which occurred at the California Public Utilities Commission (CPUC) on Friday, October 18, 2012. Devra Wang, Director, California Energy Program, Sierra Martinez, Legal Director, California Energy Projects, and Stefanie Tanenhaus, Sustainable Energy Fellow at NRDC met with Matthew Tisdale and Matt Miley, advisors to Commissioner Florio for approximately half an hour at 1:30 pm. NRDC provided the written materials in Attachment A.

Ms. Wang emphasized the importance of developing a vision for the utilities' businesses over the coming decades that aligns with the state's policy priorities including energy efficiency, and ensuring that the overall incentives the CPUC provides to the utilities through its financial regulation create a business model consistent with that vision. She highlighted the mixed messages created by the current approach that tells utilities to prioritize efficiency, but only gives them an earnings opportunity for resources at the bottom of the "loading order."

Ms. Wang summarized NRDC's proposal for a new efficiency incentive mechanism for 2013-14 (described in NRDC's July 16 and October 1 comments), why it is better aligned with the CPUC's current energy efficiency policy objectives, and how it improves upon the CPUC's prior risk/reward incentive mechanism (RRIM) approach. She also provided a conceptual framework to evaluate the various proposals for the magnitude of potential earnings relative to the criteria the CPUC adopted in D.07-09-043, summarized in the attached materials.

Dated: October 22, 2012

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Devra Wang". The signature is fluid and cursive, with a prominent loop at the end of the last name.

Devra Wang
Director, California Energy Program