

**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 5, 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. The communication occurred for approximately one hour and fifteen minutes on Wednesday, October 3, 2012, at 11:00 am at the California Public Utilities Commission (CPUC). Devra Wang, Director, California Energy Program at NRDC initiated the oral communication with Damon Franz, advisor to President Peevey.

Ms. Wang discussed 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. Ms. Wang summarized NRDC's understanding of other parties' proposals as described in the attached written material. In addition, Ms. Wang provided a copy of ACEEE's survey of efficiency incentive mechanisms around the country.

For the incentive mechanism for the 2010-12 cycle, Ms. Wang recommended that the Commission simply extend the 2009 RRIM (or some variant). She discussed NRDC's support for an earnings opportunity for the 2010-12 cycle because it would (i) demonstrate that the CPUC is serious about making efficiency the top priority despite the significant delays in this and the predecessor proceeding, and (ii) be consistent with the CPUC's prior decision on efficiency incentives, which stated that the mechanism would continue unless and until a subsequent decision changed it. Ms. Wang also briefly discussed NRDC's opposition to the incentive framework outlined in the Administrative Law Judge's September 25, 2012 ruling, which would reward

utilities for spending money rather than saving energy, and proposes a highly subjective and opaque system for scaling potential earnings that would likely spur significantly more controversy, contrary to the Commission's intent to simplify the mechanism and reduce controversy.

Dated: October 5, 2012

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Devra Wang".

Devra Wang  
Director, California Energy Program