

ITEM 26

REMARKS OF COMMISSIONER MICHEL P. FLORIO ON DECISION APPROVING 2013-2014 ENERGY EFFICIENCY PROGRAMS AND BUDGET 11.08.2012

- I support the proposed decision.
- Commissioner Ferron, ALJ Fitch, Jeanne Clinton, and Energy Division staff have done an excellent job with this item. It's well organized, professional, and on time. Bravo.
 - o I am also happy to give the IOUs credit for this success. The applications were largely compliant with our guidance, allowing for quick review and a timely decision. We appreciate the cooperation.
- From a policy perspective, the decision makes several steps forward which I'm pleased to support.
 - o We're increasing investment in whole building retrofits that we expect will provide lasting reductions in demand;
 - o We're breaking new potentially game changing ground with the forthcoming finance pilots;
 - o And we're experimenting with new administrative structures through Regional Energy Networks and Community Choice Aggregators.

I'm hopeful these steps forward will soon produce value for utility customers and the public at large.

- I'd like to highlight this Decision's approval of a new program called IDEEA 365. This is a competitive solicitation program that authorizes IOUs to continuously introduce new third-party programs into the EE portfolio.
- I'm particularly interested in this component of the portfolio for a couple reasons:
 - o First, as I've suggested before, I believe the third-party community in California has matured considerably in the past few years. Utility customers stand to benefit from empowering this community with new opportunities to provide their services pursuant to performance based contracts. The IDEEA 365 solicitations should be the vehicle through which we secure that value for customers.
 - o Second, IDEEA 365 allows IOUs to execute longer term contracts with third party service providers. These solicitations are not limited to contracts which conclude at the end of the 2013-14 transition period. This longer term contracting opportunity begins to mitigate some of the concerns with energy efficiency that we're wrestling with now in procurement planning: namely, whether the Commission, the IOUs, and the Independent System Operator can count on efficiency resources delivering beyond the current funding cycle.

Longer term, performance based contracts provide us with substantially more certainty about the future availability of that resource and consequently, allows us to displace other more costly, polluting generation resources that would otherwise be needed. Of course, longer term contracts also benefit the third party service providers through added certainty in the duration of

revenue. You can begin to see how longer term contracting begins a virtuous feedback loop that benefits customers and service providers alike.

For these reasons I'm very pleased to support IDEEA 365 and also to promise my continued attention to its effective implementation.