

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

Order Instituting Rulemaking To Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans.

R. 12-03-014
(Filed March 22, 2012)

NOTICE OF EX PARTE COMMUNICATION

February 8, 2013

Sierra Martinez
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Pursuant to Rule 8.2 and 8.3 of the California Public Utilities Commission's Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby gives notice of the following written ex parte communication. The communication occurred by email on Friday February 8, 2013. Sierra Martinez, Legal Director of NRDC's California Energy Projects, sent an email (included as Attachment A) to President Peevey, Commissioners Ferron, Florio, Peterman, and Sandoval, and their advisors Damon Franz, Michael Colvin, Matthew Tisdale, Julie Fitch, Rachel Peterson, and Colette Kersten.

Dated: February 8, 2013

Respectfully submitted,



Sierra Martinez
Legal Director, California Energy Projects
Natural Resources Defense Council

Attachment A

From: Sierra Martinez
To: 'michael.peevey@cpuc.ca.gov'; 'fer@cpuc.ca.gov'; 'cap@cpuc.ca.gov'; 'mf1@cpuc.ca.gov'; 'cjs@cpuc.ca.gov'
Cc: 'damon.franz@cpuc.ca.gov'; 'michael.colvin@cpuc.ca.gov'; 'mwt@cpuc.ca.gov'; 'jf2@cpuc.ca.gov'; 'rp1@cpuc.ca.gov'; 'cek@cpuc.ca.gov'
Subject: NRDC Recommendations To Fix Energy Efficiency In LTPP PD (R.12-03-014)
Sent: Fri 2/8/2013 4:20 PM

President Peevey, Commissioners Ferron, Florio, Peterman, and Sandoval:

The revised Proposed Decision in the LTPP proceeding (R.12-03-014) dated February 7, 2013 makes several changes that would undermine the Commission's commitment to rely on energy efficiency as the top priority energy resource. As the recent Senate Energy Committee hearing illuminated, the state needs to take steps *forward* to rely on energy efficiency to displace generation needs, *not backward*. NRDC urges the Commission to improve the PD so that it is consistent with the Energy Action Plan's "Loading Order" and the law's requirement that utilities first meet resource needs with cost-effective energy efficiency before looking to alternatives. We recommend:

1. **Use the full expected amounts of energy efficiency that were modeled**--do not arbitrarily cut the already conservative estimates of expected energy savings in half.
2. **Subtract the full estimate of energy savings from both the lower and upper ends of the range of need that the ISO modeled.** Do not arbitrarily cut expected energy savings in half such that the upper end of the range of procurement authorization is excessively high.
3. **If the Commission opts to reduce the already conservative estimate of energy efficiency, contrary to NRDC's recommendation, we urge the CPUC to use the CEC's low estimate, which was 25% below the mid estimate**-- not the arbitrary 50% figure which is unsupported by the record.

We urge the CPUC to revise the PD to include the amount of energy efficiency modeled by the ISO in both the upper and lower ends of the range of procurement authorizations. While that amount of energy efficiency was based on the CEC's best estimate at the time, it is already a conservative estimate of energy efficiency.

The record shows it excluded several major energy efficiency standards (both federal and state) that were already adopted, and which started saving energy in January 2012. Additionally, the modeled results already used a low estimate, rather than a mid estimate, for the CPUC's "Big Bold Energy Efficiency Strategies." Furthermore, the CEC provided a high estimate of energy efficiency that was 20% higher than the estimates used here. To further decrement an already conservative estimate of energy efficiency would be inconsistent with the State's energy policies that require making energy efficiency the top priority resource.

The revised PD errs in arbitrarily cutting the energy savings estimates by 50% (from 800 MW down to 400 MW of savings) in determining the maximum procurement level. The revised PD fails to recognize that energy efficiency reduced LCR need by *at least* 800 MW, *in both ISO's high and low ends of the range.*¹ Accordingly, this amount of energy efficiency should be the minimum amount used to adjust both the lower and upper ends of the range of procurement authorization. Moreover, the rationale for ISO's upper end of the range of need is that some locations for generation were less effective at meeting the LCR need than generation at other sites. The revised PD incorrectly claims that these considerations of the generation sites warrant an arbitrary 50% reduction to energy efficiency; in fact, using the ISO's modeled upper end of the range of need shows that EE reduces *more* LCR need. The unwarranted 50% cut in expected energy savings results in an upper end of the range of procurement authorization that is excessively high. Instead, the Commission should subtract the full amount of energy savings from the maximum procurement limit.

If the Commission chooses to reduce the amount of energy efficiency used in determining the maximum procurement levels, contrary to NRDC's recommendation, we urge the CPUC not to rely on an arbitrary 50% cut, which has no evidence in the record to support it. Instead, the CEC provided a low estimate of energy efficiency savings that was 25% lower than the mid estimate.

¹ In fact, in the high end of the range of the sensitivity analysis, the uncommitted EE and CHP reduced need by more, not less, reducing LCR needs by a total of 1,200 MW. High range of LCR need started at 2,884 MW and reduced to 1,677 MW. CAISO, Sparks Opening Testimony, p. 6 (2012). CAISO, Sparks Supplemental Testimony, p. 3 (2012).

Finally, NRDC continues to urge the Commission to eliminate the PD's minimum gas-only procurement requirement, and defer authorization for the Big Creek/Ventura area until the current analyses (that include energy efficiency savings) are complete. As we discussed in detail in our earlier comments: (i) the minimum procurement requirement is unnecessary and inconsistent with Commission precedent in setting only maximum procurement limits, (ii) the gas-only procurement requirement contradicts the Loading Order, and (iii) the analysis of need in the Big Creek/Ventura area did not include energy savings from future efficiency efforts and SCE did not request procurement authorization in this proceeding.

Energy efficiency is the cheapest and cleanest way to meet the state's energy needs. As the state seeks to make progress in keeping utility bills affordable, improving air quality, and reducing greenhouse gas pollution it is essential that the CPUC let efficiency live up to its full potential by continuing to fully rely on it to avoid new power plants.

Thank you for considering NRDC's recommendations as you consider the Proposed Decision.

Sincerely,

Sierra Martinez
Legal Director, California Energy Project
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