

**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

June 19, 2013

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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 communications. NRDC initiated the communications, which occurred at the California Public Utilities Commission (CPUC).

- On Friday, June 14, 2013, Devra Wang, Director, California Energy Program, and Peter Miller, Senior Scientist at NRDC met with Jennifer Kalafut, advisor to Commissioner Peterman for half an hour at 11:00 am;
- On Tuesday, June 18, 2013, Devra Wang, Director, California Energy Program at NRDC met with Brian Stevens, advisor to President Peevey for half an hour at 10:30 am; and
- On Tuesday, June 18, 2013, Devra Wang, Director, California Energy Program at NRDC met with Rachel Peterson, advisor to Commissioner Florio for forty-five minutes at 11:00 am.

The written materials included here in Attachment A were provided in each meeting.

Ms. Wang noted that an efficiency incentive mechanism is very important to align the CPUC's financial regulation of the utilities with its policy priorities, and she urged the Commission to adopt a mechanism for 2013-14 as soon as possible. She highlighted that the Assigned Commissioner Ruling's (ACR) efficiency incentive proposal is moving in the right direction overall, particularly by tying potential earnings to long-lived energy savings.

In addition, Ms. Wang discussed three key recommendations for improvements to the ACR's proposal: (i) to use ex-ante EM&V estimates for 2013-14 (instead of making retroactive adjustments using ex-post results) to allow the Commission and all parties to focus their time and resources on the higher priority endeavor of establishing an improved EM&V process (such as developing a forum for technical experts to vet EM&V issues in a transparent, public process) so that energy saving estimates can be regularly updated in the future, (ii) to encourage utilities to maximize *savings* from codes and standards efforts as an integral part of the market transformation cycle (rather than simply encouraging them to spend money on the activity), and (iii) to increase the magnitude of potential earnings proposed in the ACR to align with efficiency's importance as the state's top priority resource.

Dated: June 19, 2013

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Devra Wang", with a horizontal line underneath.

Devra Wang
Director, California Energy Program