

R.09-11-014



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

01-06-12  
04:59 PM

Order Instituting Rulemaking to Examine the Commission's Post-2008 Energy Efficiency Policies, Programs, Evaluation, Measurement, and Verification, and Related Issues.

RULEMAKING 09-11-014  
(Filed November 20, 2009)

**Reply Comments of California Center for Sustainable Energy in response to  
Administrative Law Judge's Ruling regarding Program Guidance for the 2013-  
2014 Energy Efficiency Portfolio**

**California Center for Sustainable Energy**

**January 6, 2012**

Andrew McAllister  
Director of Policy & Strategy  
California Center for Sustainable Energy  
8690 Balboa Ave., Suite 100  
San Diego, CA 92123  
Tel: (858) 244-7282  
Fax: (858) 244-1178  
[andrew.mcallister@energycenter.org](mailto:andrew.mcallister@energycenter.org)

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

Order Instituting Rulemaking to Examine the Commission's Post-2008 Energy Efficiency Policies, Programs, Evaluation, Measurement, and Verification, and Related Issues.

RULEMAKING 09-11-014  
(Filed November 20, 2009)

**Reply Comments of California Center for Sustainable Energy in response to Administrative Law Judge's Ruling regarding Program Guidance for the 2013-2014 Energy Efficiency Portfolio**

**I. INTRODUCTION**

The California Center for Sustainable Energy (CCSE) has appreciated the opportunity to read through the myriad substantive comments provided by many parties regarding program guidance for the 2013-2014 Energy Efficiency Portfolio as put forth by Energy Division. As per the Ruling, reply comments were originally due December 26, 2011; however, on December 19, 2011, Administrative Law Judge Farrar granted the request of the Local Government Sustainable Energy Coalition (LGSEC), extending the due date for reply comments to January 6, 2012. Thus, these reply comments are timely filed. CCSE respectfully directs its reply comments toward the following topics:

- General Comments
- Cost-Effectiveness
- Energy Upgrade California
- Collaboration
- Codes and Standards

## II. GENERAL COMMENTS

We very much appreciate the focused and dedicated efforts of Energy Division staff and Commissioner offices to produce a number of highly important documents and proposals that promise to shape the provision of energy efficiency programs and services in the coming years, within a very short time span. CCSE also acknowledges the many thoughtful comments of an increasing number of parties to these energy efficiency proceedings. We concur with LGSEC, San Diego Gas & Electric Company (SDG&E), and the myriad other parties who commented on the lack of material related to increased local government participation and the water-energy nexus in the Energy Division staff proposal. These are important areas to address within this proceeding and based on the *Assigned Commissioner's Ruling and Scoping Memo regarding 2013-2014 Bridge Portfolio and Post-Bridge Planning*, we understand and expect that they will be addressed in future rulings.

## III. COST-EFFECTIVENESS

We applaud the Commission's move toward more comprehensive, long-term savings programs, such as Energy Upgrade California. Such change is vital to achieving California's energy efficiency and climate change goals. CCSE does, however, acknowledge the concerns raised by all three investor-owned utilities (IOUs), the Natural Resources Defense Council (NRDC), the California Energy Efficiency Industry Council (CEEIC), and other parties regarding the impact on portfolio cost-effectiveness from placing more of an emphasis on long-term savings programs. We agree with PG&E, and we have noted in previous comments within this proceeding<sup>1</sup>, that the Commission should modify the cost-effectiveness methodology for such programs in order to allow for an overall cost-effective portfolio that begins a shift away from short-term measures toward more long-term savings. The inclusion

---

<sup>1</sup> *Comments of California Center for Sustainable Energy in response to Assigned Commissioner's Ruling and Scoping Memo regarding 2013-2014 Bridge Portfolio and Post-Bridge Planning, Phase IV*, November 8, 2011.

of non-energy benefits is one vital step that must be taken in order to accurately and fairly judge long-term market transformation programs.

The many comments regarding cost-effectiveness point to the inevitable situation with which energy efficiency policy will have to grapple. Neither California's explicit energy efficiency goals, as articulated in the Long Term Energy Efficiency Strategic Plan and other documents, nor its implicit energy efficiency goals stemming from climate change legislation such as Assembly Bill (AB) 32 (Stats. 2006, Ch. 488), are likely to be met if efforts are constrained by the current cost-effectiveness regime. It is entirely conceivable that, in the medium to long-term, as more of the "low-hanging fruit" is harvested, energy efficiency measures could become unjustifiable if judged only by the current relatively narrowly defined and tightly constrained cost-effectiveness criteria. At such a point, energy efficiency would likely still be highly desirable, particularly for purposes of greenhouse gas emissions reductions. Other benefits might include future resource-based energy price hedging, building valuation, economic benefits and job creation, for example. Including all co-benefits in any assessment of the effectiveness of energy efficiency would produce a more appropriate social valuation; but such an approach likely requires a broader conversation than usually is permissible within one agency alone. Policymakers and the Commission specifically will need to address this problem and revamp the framework under which energy efficiency programs function in order to continue to support broad and deep energy efficiency efforts. CCSE also reiterates comments made previously in this proceeding regarding cost-effectiveness in which we stated: "By definition, a long-term market transformation program (like EUC) begins in a very different place than it ends; in a successful program, cost-effectiveness metrics improve consistently over time to the point that the new practices, technologies, etc., become something like standard practice. The existing building retrofit space is on the front-end of a 10+-year effort, and we suggest that its cost-effectiveness be evaluated periodically through a series of

volume-based or other similar milestones. Such an approach would respect the coming evolution of this marketplace and keep in view the long-term goals of the Commission.”<sup>2</sup>

#### IV. ENERGY UPGRADE CALIFORNIA

We agree with the many parties supporting the ratepayer-funded continuation of Energy Upgrade California (EUC) efforts previously funded by American Recovery and Reinvestment Act (ARRA) monies. EUC is playing a critical role in developing the residential retrofit market, and whole-building approaches are absolutely necessary in order to meet the State’s ambitious energy efficiency goals. Specifically, CCSE supports the continuation of the EUC website; however, the site should be administered in the same manner as <http://www.gosolarcalifornia.com/>, which is managed by Energy Division. Furthermore, the site should develop a public database for EUC projects, similar to the California Solar Statistics database for California Solar Initiative (CSI) projects found at <http://www.californiasolarstatistics.org/>, in order to further market transformation aspects of the program.

CCSE agrees with Build it Green regarding the elimination of the basic path from EUC, due to the fact that it garners less savings per project and adds unnecessary complexity and confusion in the market place. CCSE also agrees that EUC should be further modified to include greater offerings for low and moderate income participants. This work has already begun in the San Diego region, where CCSE is working closely with the City of San Diego and other partners to incorporate low and moderate income communities in EUC through a number of mechanisms. This collaboration includes, but is not limited to, direct cooperation with providers and contractors for the Weatherization and Energy Savings Assistance Programs, in order to enable them to open new market-based home performance business

---

<sup>2</sup> *Comments of California Center for Sustainable Energy in response to Assigned Commissioner’s Ruling and Scoping Memo regarding 2013-2014 Bridge Portfolio and Post-Bridge Planning, Phase IV, November 8, 2011.*

opportunities. These stakeholders will be able to offer comprehensive home performance opportunities to community members regardless of income.

## **V. COLLABORATION**

CCSE acknowledges that the number and variety of parties to this proceeding has grown ever larger in recent months. This clearly reflects the wide range of affected stakeholders involved in energy efficiency throughout California, and as the number of parties increases, so does the complexity of these proceedings. Thus, CCSE broadly agrees with NRDC's call for an improved process for dialogue to occur among energy efficiency stakeholders. In previous comments to this proceeding, we have encouraged the Commission to look at the Re-Amp stakeholder process in the Midwest as a potential model for improved stakeholder collaboration, and we reiterate this point here. Whatever process emerges from this discussion, we urge the Commission to ensure that an adequately diverse array of Commission, non-profit, third party, local government, and utility stakeholders is involved.

CCSE also agrees with CEEIC's comments regarding the urgency of resolving these issues due to the very tight timeline put forth by the Commission. Administrators and implementers need as much time as possible to prepare for the bridge period, and with 2013 fast approaching, the crowded pipeline of rulings and subsequent comment periods puts the possibility of achieving the compressed timeline into question. While we recognize and appreciate Energy Division's efforts in light of the many present constraints, we support the assertion that the Commission should focus on setting high level goals and policies rather than developing prescriptive programs. The Commission could properly address higher level cornerstone issues, such as the cost-effectiveness criteria for long-term savings/market

transformation programs, and could provide a robust policy framework that “encourages movement in the desired direction (market transformation, long-term savings, etc).”<sup>3</sup>

## VI. CODES AND STANDARDS

Regarding the codes and standards programs, CCSE agrees with LGSEC and the Division of Ratepayer Advocates (DRA) regarding the importance of local governments in this realm, particularly in setting and enforcing individual reach codes and ordinances. It would be unacceptable for utilities to receive both energy savings credit and reimbursement for results of critical, complementary but unfunded efforts on the part of local governments and advocacy organizations to develop, implement and enforce new codes and standards. Direct support to regional energy networks could greatly assist these local governments, in both developing and enforcing energy codes and ordinances. At the same time, contrary to a number of parties, including The Utility Reform Network (TURN) and DRA, CCSE is interested in Energy Division’s proposal regarding targeted incentives for codes and standards compliance in specific cases mentioned by the Energy Division. Where utilities can facilitate local government efforts, and if there are cost-effective savings to be gained from such efforts, we are not against them in principle and would enjoy seeing these ideas further elaborated upon. The caveat is that the “cost-effectiveness” of results of these efforts should not come on the back of unfunded local efforts; indeed, local solutions will be more effective and consistent if local entities have the Commission’s explicit support and validation.

---

<sup>3</sup> *Comments of the California Energy Efficiency Industry Council (Efficiency Council) in Response to the Administrative Law Judge’s Ruling Regarding Program Guidance for the 2013-2014 Energy Efficiency Portfolio, December 23, 2011.*

## VII. CONCLUSION

We thank the Commission for the opportunity to provide these reply comments regarding the Ruling and look forward to an exciting new chapter of California energy efficiency innovation.

January 6, 2012

A handwritten signature in black ink, appearing to read "Joseph Andrew McAllister", with a long horizontal flourish extending to the right.

Andrew McAllister  
Director of Policy & Strategy  
California Center for Sustainable Energy  
8690 Balboa Ave., Suite 100  
San Diego, CA 92123  
Tel: (858) 244-7282  
Fax: (858) 244-1178  
[andrew.mcallister@energycenter.org](mailto:andrew.mcallister@energycenter.org)