

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget (U39M).

Application 12-07-001
(Filed July 2, 2012)

Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.

Application 12-07-002
(Filed July 2, 2012)

Application of Southern California Gas Company (U904G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.

Application 12-07-003
(Filed July 2, 2012)

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014.

Application 12-07-004
(Filed July 2, 2012)

**THE DIVISION OF RATEPAYER ADVOCATES' COMMENTS
IN RESPONSE TO SCOPING MEMO AND RULING OF ADMINISTRATIVE
LAW JUDGE AND ASSIGNED COMMISSIONER**

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I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits these comments in response to the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge issued on August 27, 2012 in the consolidated proceeding Application (A.)12-07-001 et al. (“Scoping Memo”). DRA appreciates the careful consideration of the 2013-2014 Energy Efficiency Applications and Motions submitted by the Investor Owned Utilities (IOU), the Local Government Regional Energy Networks (REN), and Marin Energy Authority (MEA) filed in this consolidated proceeding and the discerning questions included in the Scoping Memo. These questions request missing details and address, among other things, the deep savings directive given in D.12-05-015.¹

In these comments, DRA recommends the following:

- (1) unspent and uncommitted funds remaining from previous program cycles and the current program cycle should be fully credited to ratepayers;
- (2) spillover proxies should be limited and used temporarily and only in concert with concurrent development of metrics and baselines to support development of empirically-derived spillover estimates for future portfolio cycles;
- (3) the IOUs’ alternative proposal for the treatment of customer projects should be denied;
- (4) the IOUs’ proposal to remove labor costs from the cost effectiveness calculation of whole house retrofits should be denied;
- (5) the Commission’s Evaluation, Measurement & Verification (EM&V) Plan should utilize pre-and-post installation billed consumption and smart meter data to calibrate energy savings estimates for use in 2013-2014 evaluations, saturation studies, and future portfolio cycles;
- (6) the Commission’s EM&V Plan should allocate sufficient focus and resources to more rigorously estimate energy savings attributable to IOU

¹ D.12.05-015, “This decision gives guidance to the utilities on the 2013-2014 energy efficiency programs, with the overall direction that they should begin a transition away from short-lived energy savings and towards deeper retrofits.”, p. 2.

Codes and Standards programs, as well as increase the efficacy of Codes and Standards compliance assumptions;

- (7) the Codes and Standards compliance sub-program and reach code sub-program should have an EM&V plan established before launch;
- (8) future portfolios should devote more resources to Codes and Standards compliance; and,
- (9) the IOU Monthly, Quarterly and Annual Reports should include a separate section that provides a consolidated view of expenditures, energy savings, and progress in the water-energy nexus related measures and programs. In addition, an EM&V Plan should be established for water-energy nexus to inform policy development for the 2015-2017 program cycle and beyond.

In these comments, DRA also responds to some of the questions posed to intervenors in Appendix D of the Scoping Memo.

II. DISCUSSION

A. DRA Recommendations

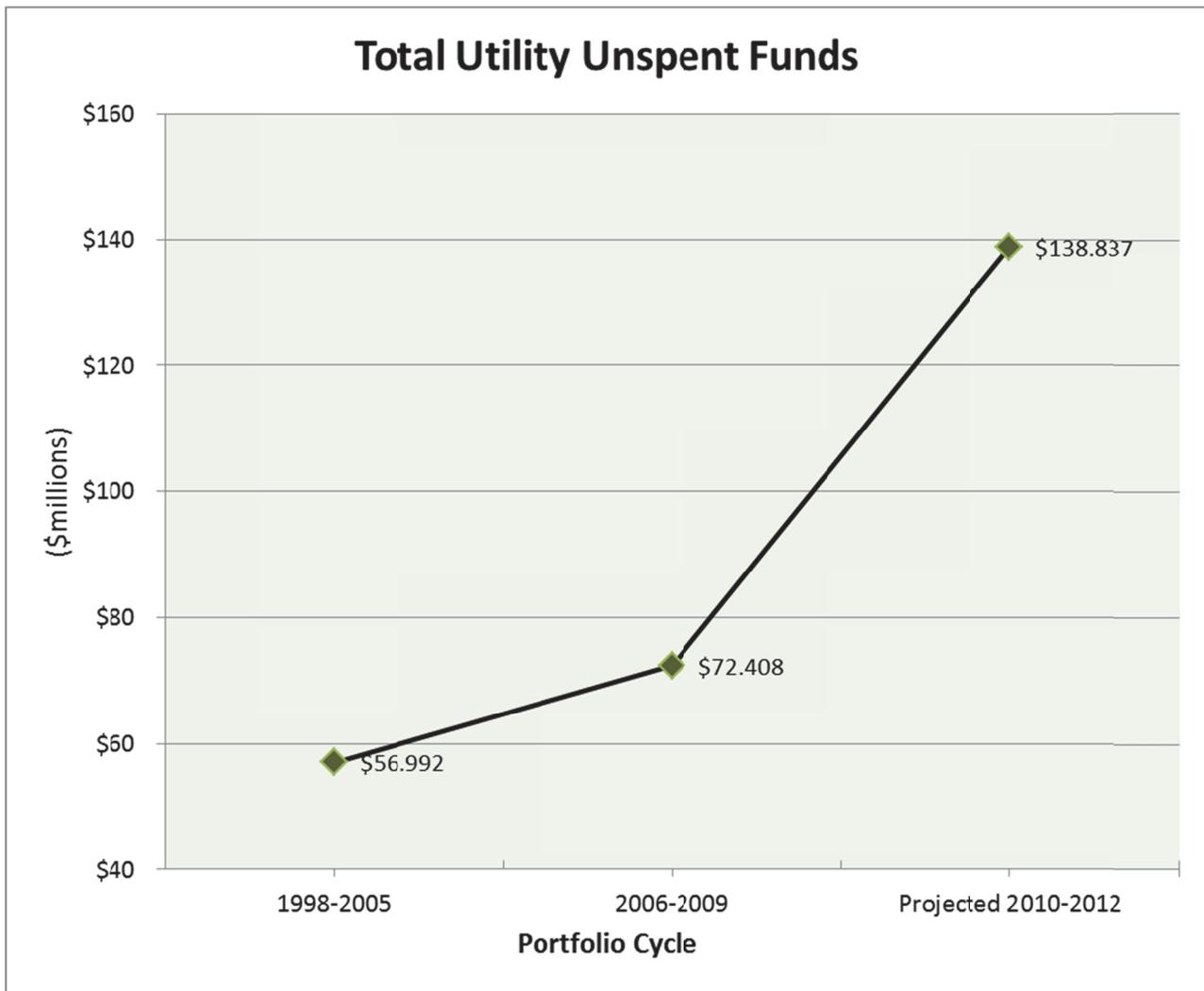
The Scoping Memo required the IOUs, and requested the RENs and MEA, to respond to specific questions with supplemental information. The Scoping Memo also gave the parties the opportunity to respond to that supplemental information. DRA responds to that supplemental information in this section.

1. Uncommitted, unspent funds from all previous program cycles, and from the current 2010-2012 program cycle, should be refunded to ratepayers to restore fiscal discipline in the Energy Efficiency budgeting process

The IOU's "Supplemental Information," provided pursuant to the Scoping Memo, Appendix A, Question 1, demonstrates that there is chronic over-collection of the ratepayer monies intended to fund the energy efficiency programs. Figure I below shows that the energy efficiency budget process has resulted in total budget authorizations that exceed what utility programs, and perhaps markets, can absorb. Such over-collection saddles ratepayers with higher bills for no justifiable reason.

Fiscal discipline can be restored by refunding to ratepayers the uncommitted, unspent funds from all previous program cycles and from the current 2010-2012 program cycle. Furthermore, given the trajectory of unspent funds shown in Figure I, the Commission should exercise stricter oversight during any program cycle to better align collection of ratepayer funds to projected energy efficiency program expenses to minimize over-collection in the future.

Figure 1
Magnitude and Trajectory of Utility Unspent Funds 1998-2012



Source: IOU responses to Scoping Memo, filed September 5, 2012; 2006-2008 data combined with 2009 data due to differences in data reporting across IOUs. Projected unspent funds for 2010-2012 may be higher as IOUs were asked only to respond to unspent 2012 funds. They may also be higher as the amount of Southern California Edison's (SCE) current cycle unspent funds (\$94 M) [not included in the above graph] is high and is unlikely to be entirely spent in the next 5 months. Any negative values for projected unspent 2010-2012 were set to zero as excess funding is not authorized.

2. Limited use of proxy spillover effects in the calculation of energy savings and cost effectiveness should be authorized, but only if the Commission’s EM&V Plan during the Transition Period will complete empirical studies that can be used to set baselines for spillover effects for the 2015-2017 program cycle

Spillover effects are a desired market effect of energy efficiency programs. They are the energy savings of IOU program non-participants who are induced by the *effects* of the utility program to take energy efficient actions on their own. Thus, spillover is considered a secondary effect of utility EE programs, one that typically entails benefits (savings) without additional (utility) costs.²

As a proponent of market transformation and the effective use of ratepayer resources, DRA believes programs should be designed to cause this effect. Calculation of energy savings and cost effectiveness should count this effect for programs with logic models that specifically include the objective of significant spillover effects. It is important for the Commission to begin addressing spillover effects now and to commit the appropriate focus and resources to advance its EM&V efforts toward this end, in time for the upcoming 2015-2017 program cycle deliberations. DRA agrees with the IOUs that with the appropriate logic model, market transformation plan, and baselines in place, cumulative spillover effects can and should be counted.

Decision (D.) 12-05-015 allows utilities to present their “estimates of spillover that may result from the proposed programmatic activities” and to “propose the inclusion of spillover effects in their cost-effectiveness analyses and results” in their 2013-2014 Applications “to the extent they may be quantified or estimated” and in order to “more accurately reflect the broader market impacts of programmatic activities.” The IOUs’ Applications propose the use of proxy spillover values in the calculation of ex-ante energy savings and cost effectiveness for some programs. Absent California-specific EM&V studies on spillover, the proposed proxy spillover values are based mostly on data

² The IOUs’ also provide an adequate expanded definition of spillover in Pacific Gas & Electric’s (PG&E) Appendix A.2, p. 1, Section A.1 of their 2013-2014 Application (A.) 12-07-001.

from other states and somewhat on data from California programs in the 1990s and early 2000s.³

Therefore, caution should be exercised by limiting the use of these proposed *proxy* values to the Transition Period. Only the values that are approved by Energy Division's evaluating staff should be used. Their authorization should be granted if and only if the IOUs file Tier 2 advice letters during the Transition Period developing and seeking approval for revised Program Implementation Plans that include program logic models that have as an objective causing spillover effect.

More importantly, the Commission's EM&V Plan should include the development of empirically-based spillover baselines that can be utilized for the 2015-2017 program cycle.

3. The IOUs' proposed alternative treatment of Custom Projects should be denied because it weakens Commission oversight and erodes the accuracy of cost effectiveness and energy savings determinations

In their Applications, the IOUs filed an alternative review process⁴ to the one ordered in D.12-05-015⁵ for use in evaluating Utility custom projects and custom measures.⁶ Custom projects represent over 35% of the utility project 2013-2014 EE

³ "The limited availability of the data from California caused the IOUs to rely more on out-of-state research." Ibid, p. 7.

⁴ D.12-05-015, Ordering Paragraph (OP) #171 allows the utilities to file one additional alternative energy efficiency program portfolio proposal. The utilities seem to have submitted two proposals, one for a market transformation alternative approach to whole house retrofit programs and one for custom project review. The custom project review proposal does not appear to be organized as directed in OP #171.

⁵ The Decision D.12-05-015 states, "As set forth in the Phase IV Scoping Memo, the custom ex ante review process adopted in D.11-07-030 shall continue in the 2013-2014 transition portfolios," p. 342.

⁶ As stated in DRA's Protest to the IOUs' Applications:

Custom Projects are those projects within the energy efficiency applications for which pre-determined engineering analysis cannot be applied to estimate and determine project savings. The idea of custom projects is that each custom project or measure is unique, and thus, a site-specific analysis is conducted to determine energy savings (unlike rebates on lighting and appliances, where energy savings levels can be determined based on the product specifications and other pre-determined assumptions instead of site-specific analysis). This site-specific analysis is conducted
(continued on next page)

program costs and roughly 25-30% of the electric savings and over 60% of utility-projected gas savings. Thus, the independent review of custom project savings is a critical element in determining (1) the impact that the 2013-2014 portfolios have on Statewide energy efficiency savings and (2) the cost-effectiveness of ratepayer investment in EE programs.

Many of the recommendations in the IOU's alternative proposal to the custom project review process results in the erosion of an already minimal independent review process. As it is, the Commission's Energy Division selects only a small fraction of custom projects for evaluative review. Most custom projects are completed without any independent review beyond the utilities' reported savings for these projects. Furthermore, the savings assumptions that will be used to determine custom project savings credit utilities with greater savings than their historical performance indicates is reasonable.⁷ Despite a historical drop in the overall gross realization rate (GRR) of custom projects from 90% to 80% to 70% in the last three major EE program cycles,⁸ the Commission retained a default Gross Realization Rate value of 90% for use in the 2013-2014 portfolio. The GRR is a savings assumption about the level at which utility custom project savings are realized. The default value for GRR is what is used to calculate savings for projects that cannot be independently reviewed due to the sheer volume of custom projects. This higher GRR value will likely result in inflated savings determinations.

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by customer contractors, utility third party implementers and sometimes utilities. The energy savings estimates that are determined prior to installation of the custom project energy savings measures are called ex-ante estimates. The Commission's Energy Division selects a small percentage of these projects for evaluative review.

⁷ D.12-05-015 states that the Commission "[has] not been provided quantitative evidence that supports claims" that "changes have been made to program rules and implementation activities to raise [gross realization rate values]."

⁸ See D.12-05-015, pp. 342, 343.

Despite this minimal amount of review, the IOUs propose to further erode the Commission's independent review by:

- eliminating conditional approvals for projects that rely on post-installation data;
- eliminating the use of post-installation reviews to modify ex ante estimates (i.e., estimates of savings made prior to efficiency installation) if the review-derived savings turn out to be different;
- modifying evaluation (EM&V) protocols for project baseline calculations such that they would be used for prospective changes to “similar” projects rather than the project in question; and,
- ‘split[ting] the difference’ between the utility and reviewer when project ex ante savings values are within 20% of the review’s determination, and contracting with a separate independent third party to determine the outcomes when the difference exceeds 20%.²

As stated in DRA’s Protest, these changes diminish the value of independent evaluations because they prevent needed adjustments to savings estimates arising from evaluation findings and they defer necessary actions to future program projects. This is inappropriate since the purpose of ratepayer-funded evaluative review is not only to inform future program development, but also to determine the savings achievement of the program under evaluation. The utility alternative proposal will erode the accuracy of savings determinations by preventing the application of independent review to the current cycle. For a program that is expected to deliver over 30% of portfolio savings, this degradation of savings accuracy is unacceptable. Furthermore, the IOU proposal in the last bullet-point above sends the wrong policy direction to custom projects and utilities, by creating an incentive to inflate reported savings to the 20% threshold. The recommendation to contract yet another separate independent third party to review custom projects increases the regulatory burden of an already burdensome project review process, counter to the objectives of the utility alternative proposal.

² See, San Diego Gas & Electric’s (SDG&E) Application, Volume II of III, Chapter I, pp. TR-24-TR43.

For these reasons, DRA urges the Commission to reject the IOUs' proposed alternative to the custom review process.

4. **The Commission should reject the IOUs' proposed elimination of labor costs in the cost effectiveness calculations of their whole house retrofit programs**

The Standard Practice Manual requires that only incremental (not the total) cost of the installed energy efficiency measure (including the related incremental labor cost) should be counted in the calculation of cost effectiveness. The IOUs propose to remove all labor costs from the calculation altogether. The IOUs do not provide a theoretical foundation or economic rationale for their proposal other than to make whole house retrofit programs cost effective. This is a drastic change to the current cost effectiveness methodology and should be rejected at this time, without prejudice. The Administrative Law Judge's Ruling Seeking Post-Workshop Comments on Demand-side Cost-Effectiveness Issues in R. 09-09-014 has asked parties to comment on what changes (if any) should be made to the cost effectiveness methodology. The comments are due on October 1, 2012. The Commission should stay the course and rely on this deliberate vetting process to make a decision on this issue.

5. **The Commission's EM&V Plan should utilize pre-and-post installation billed consumption and smart meter data to calibrate energy savings estimates for use in future program cycles**

Analysis of pre-and-post installation billed and smart meter data can be helpful in calibrating energy savings estimates for future program cycles. That data can also provide insight on patterns of energy consumption of customers after participating in energy efficiency programs. A key promise from the significant ratepayer investment in smart meters is the value that smart meter data can provide in evaluating and improving energy efficiency programs.¹⁰

¹⁰ A.07-07-026 SCE Workpapers, Part C, filename Part C, Report in Excel; A.07-07-026 SCE Workpapers Part D, filename B08_EnergyEfficiency_Workpapers.

The Commission can take initial but decisive steps toward realizing this promised benefit during the Transition Period by including this objective in its EM&V Plan for the following programs: Custom Projects, FlexPath/Flex Package/Energy Upgrade California, Whole House Upgrade, and HVAC. These programs are the ideal targets for building/meter level billing analysis as the savings from these programs can be located and are large enough to cause discernible changes in smart meter and billing data. Further steps can then be taken on an accelerated basis during the 2015-2017 program cycle.

DRA reiterates its recommendation in its Protest of the IOU Applications and expands it to apply to Custom Projects and HVAC programs:

To adequately leverage the potential of the [Whole Home Upgrade Program (WHUP) and FlexPath/FlexPackage] program, the Commission should require [program] implementers to collect and report post-treatment measurements from billing data (along with possible support from data received from smart meters) consistent with the guidelines given the IOUs in Public Utilities Code Section 8380 (e)(1) and currently being examined in Rulemaking (R.)08-12-009 and A.12-03-002. Towards this end, the Commission should develop a protocol for the sharing of this data with LG RENs for customers who receive FlexPath/Flex Package incentives.

... The residential whole building retrofit programs [and other billing analysis leverage-able programs] are [] unique program area[s] that provide[] multifaceted opportunities for energy efficiency innovation and development.

6. The Commission's EM&V Plan should allocate sufficient funds and resources for rigorous evaluation and measurement of the energy savings impact directly attributable to the Codes and Standards Program and to prevent double-counting of energy savings in future energy efficiency portfolios

Energy savings claims from the Codes and Standards (C&S) Program represent a large and growing portion of total portfolio energy savings, with PG&E leading the IOUs with one-third of its total portfolio savings resulting from this program. C&S has a discernible impact on demand forecasts used in integrated resource planning and, ultimately, supply side procurement planning and activities. It is therefore important to ensure that energy savings claims from C&S are reasonably accurate. There are two areas of concern related to the derivation of C&S energy savings claims: (1) the C&S

compliance rate assumptions that are used and (2) the danger of double-counting the energy savings of C&S and other programs in the energy efficiency portfolios.

Energy savings claims from C&S assume certain compliance rates. Greater rigor should be exercised to ensure that the underlying assumptions are reasonably accurate. The most recent study measuring C&S compliance performed during the 2006-2008 cycle, set the compliance rate at more than 80%.¹¹ An 83% building code compliance rate for the 2013-2014 portfolio is based on data collected on energy efficiency measures in the 2005 codes, and 194 residential and 81 non-residential site visits during the 2006-2008 evaluation . This small sample size on a limited range of buildings, as well as potentially outdated assumptions, suggest that the derivation of compliance rates needs to be revisited. The Sempra Utilities indicate, in their responses to DRA's data request of August 23, 2012, that the compliance rates should be reassessed and updated going forward since the complexity of new standards provides greater implementation challenges. These responses suggest that C&S compliance rate assumptions used in the 2013-2014 portfolio applications may be too high. As a result, future energy efficiency portfolios will continue to under-invest in C&S compliance improvement programs. A robust sample of field audits in all building use categories (new construction and renovations), using measures within the 2013 Building Standards Code (Title 24) will produce reliable compliance rates, and therefore, more accurate energy-saving estimates.

The Commission should also take steps to prevent double-counting of energy savings. C&S is integrally related to how energy savings calculations are derived for other measures and programs. As C&S energy savings claims have now become a significant portion of overall portfolio savings, continued vigilance and, perhaps, greater rigor in preventing double-counting is needed.

The Commission's EM&V Plan should allocate sufficient funds and resources toward evaluating and measuring the impact of C&S across all sectors. Moreover, the

¹¹ KEMA, Inc., The Cadmus Group, Inc., Itron, Inc. Nexus Market Research, Inc., *Volume III Codes & Standards Programs Impact Evaluation, California Investor Owned Utilities' Codes and Standards Program Evaluation for Program Years 2006-2008, Final Evaluation Report*, February 4, 2010.

impact of C&S compliance improvement programs (including classes and outreach) should be measured and verified in order to assess program effectiveness, energy savings, and needed program adjustments.

Evaluating and measuring the impact of C&S and the impact of the C&S compliance improvement sub-program, in particular is a challenging undertaking. Webinars would be beneficial to allow parties to hear the perspectives of various EM&V experts on rigorous scientific methodologies that can be used before one is adopted. Given the significant investment that has been made already in smart meters, the C&S compliance EM&V methodologies should consider utilizing smart meter and other billing data.

7. The C&S Compliance Improvement Sub-Program and the Reach Code Sub-Program should be accompanied by an expedited EM&V Plan at the launch of the 2013-2014 cycle

Ensuring the veracity of the C&S Compliance Improvement Sub-Program and the Reach Code Sub-Program requires that they be accompanied by a complementary EM&V Plan at the start of the 2013-2014 program cycle, with an emphasis on evaluating and measuring energy savings. DRA recommends that the Commission order the following minimum elements to be included in the EM&V Plan:

- A program logic model that clearly articulates goals, barriers, resources, activities, milestones, desired outcomes, and a plan to measure the outcomes. The program logic model should address how inefficient overlap with other programs will be mitigated (overlap between the Local Government Partnership and Reach Code sub-program is of particular concern).
- A plan to define the documentation needed from the sub-programs that will be necessary for EM&V.
- Collection of pre-and-post installation measurement, analysis and evaluation of energy usage. Data from smart meters and other billing data should be utilized.
- Compliance Field Audits comprised of statistically valid sample sizes in each building/use category, including new and retrofitted buildings.

- Field audits conducted at relevant stages of construction, alongside building inspection personnel, to improve access and comprehensiveness of audits.

8. Future portfolios should devote greater focus and resources to C&S compliance improvement

The Commission has articulated its desire for dramatically improving C&S compliance.¹² Yet, C&S program budgets continue to under-invest in this area. As noted earlier, EM&V resources have devoted minimal attention toward evaluating and measuring compliance so that C&S compliance rates can be updated. The most recent study on C&S compliance was during the 2006-2008 cycle, and 2005 building codes and appliance standards were used for the evaluation. Site visits verifying appropriate installation of energy efficiency measures included 194 residential sites and only 81 non-residential sites. Thus, the energy savings claims attributable to compliance rate assumptions of the 2006-2008 cycle should no longer be accepted as valid for Title 24 today or for future California Building Standards Codes.

Indeed, the estimated compliance rate for the 2013-2014 Transition Period may be too high and contributes to the chronic under-investment in compliance improvement programs. In PG&E's current application, for example, the budget for new C&S advocacy is ten times greater than the budget for C&S compliance improvement. While continued emphasis on setting more effective energy efficiency codes and standards is laudable, there is insufficient documentation showing that advocacy and training programs are sufficient to realize the energy savings expected from building code adoption.

It would be reasonable for the Commission to require that evolving C&S programs include EM&V plans with well-defined data collection and documentation requirements to allow more systematic evaluation and measurement of their impact, especially on compliance and energy savings. For example, C&S training classes and other C&S activities should be evaluated based on their achievement of or linkage to actual

¹² R.09-11-014, p. 248 after Strategic Plan, p. 67.

improvements in compliance rates and energy savings. This will facilitate improved C&S compliance programs with correspondingly appropriate budgets.

9. The proposed IOU water-energy nexus plans do not sufficiently address the information the Commission will need to determine water-energy nexus measures and programs in the 2015-2017 cycle

DRA appreciates the IOUs' Supplemental Filings which provide a consolidated view of proposed water-energy measures and programs. This was necessary because these measures and programs were embedded in other larger programs across multiple sectors in other parts of the IOU applications. Unfortunately, the Supplemental Filings do not address whether or not a similar consolidated view of water-energy nexus should be addressed in each of the IOU energy efficiency monthly, quarterly, and annual reports filed with the Commission. Accordingly, DRA believes the Commission should direct the IOUs to provide a consolidated view in these recurring reports that provide an accounting of water-energy nexus related expenditures, installations, energy savings, and overall program progress. This will allow the Commission not only to monitor progress in this focus area, but also use this data to inform the portfolio guidance determination for the 2015-2017 cycle.

In addition, DRA believes that the Energy Division's EM&V Plan should address continued evaluation and measurement of water-energy measures and programs. It also should address the findings of previous studies that highlight the need for more research in specific areas (e.g., the location and characteristics of ground water pumping locations that are served by the energy IOUs). As the Guidance Decision noted, more needs to be done in the area of the water-energy nexus and there is a need to develop a robust record to address this subject matter area sufficiently. Accordingly, the Commission should order that the EM&V Plan include budget and resources for further studies that are necessary to inform policy development in the area of water-energy nexus for the 2015-2017 cycle and beyond.

B. Response to questions in Attachment D of the Scoping Memo

The Scoping Memo also invited the parties to respond to a variety of questions (Attachment D). DRA responds to many of those questions below. The questions are *italicized* and are followed by DRA's response.

1. Residential Programs

1. *Should whole house (Whole House Upgrade Program and/or REN whole building proposals) programs direct more funding and/or marketing to "hotter" (or "hot-dry") climate zones, where homes tend, on average, to use more energy for cooling? If so, how should hotter climate zones, or an alternative geographic region of smaller or larger scale, be defined?*

DRA's response to this question addresses only the IOU alternative proposals for the Whole House Upgrade Programs (WHUP). As noted in DRA's protest to the applications, DRA worked with the IOUs and NRDC on a collaborative framework ("WHUP Collaborative Framework"). Under the WHUP Collaborative Framework, the IOUs would jointly hire and manage a market transformation consultant to develop recommendations for the design/re-design of WHUP, along with methodologies for evaluating and measuring cost effectiveness. The Commission should adopt the WHUP Collaborative Framework and rely on it to develop recommendations. Making whole house programs successful and cost effective is an enormous challenge that will require a collaborative and iterative process and help from a consulting organization with significant experience and a single focus and commitment to market transformation. Under the WHUP Collaborative Framework, the IOUs would submit Tier 2 advice letters for approval in order to make material changes to or seek additional funding for WHUP.

2. *As a market transformation program, does the Whole House Upgrade Program merit greater funding levels for marketing and outreach? If so, why and for how long? How should the Commission determine the appropriate funding levels for this program on a statewide basis?*

See DRA's response to Question 1 above. The Commission should rely on the WHUP Collaborative Framework to address this question as part of the design/re-design

of WHUP, which can be submitted for the Commission's approval via Tier 2 advice letters.

3. *For the purposes of utilizing ratepayer funds, how should "whole house" be defined?*

See DRA's response to Question 1 above. The Commission should rely on the WHUP Collaborative Framework which will necessarily address "product definition" as part of the design/re-design of WHUP, which can be submitted for the Commission's approval via Tier 2 advice letters.

4. *Should utility multifamily programs be required to file advice letters or full applications during 2013-2014, once multifamily whole building pilots are approved?*

The IOUs should file applications for the Commission's approval. In the case where a collaborative structure identical or similar to the WHUP Collaborative Framework is utilized, Tier 2 advice letter filings should be sufficient.

5. *Is TURN's proposal for a cost-effectiveness test for "comprehensive" programs that include valuation of avoiding "cream skimming" through avoiding multiple contractor visits to a building site practical to implement? If so, how? What considerations should the Commission give to such a proposal?*

DRA has not had sufficient time or information to provide a thoughtful assessment of this proposal, but may respond to parties' comments during the reply round.

6. *The IOUs provided low, medium, and high participation scenarios for the Whole House Upgrade Program for 2013-2014. Which is the most appropriate scenario to approve and why?*

For the purpose of setting the initial 2013-2014 budgets for WHUP, the Commission should use a low participation rate scenario and provide the WHUP Collaborative Framework the opportunity to recommend design/re-design of WHUP, along with proposed changes to the budget to accommodate higher participation rates, via Tier 2 advice letters.

7. *Should the "Universal Audit Tool" be extended to the multifamily building sector, or should the IOUs consider usage of the multifamily tools developed with ARRA funds for this purpose (e.g., Compass Portfolio Tracker and/or Funding Finder)?*

DRA does not have the expertise to provide a thoughtful assessment of these software tools. However, whichever audit tool is chosen, DRA urges the Commission to require the use of pre-and-post billing smart meter data for ongoing calibration and improvement of the audit software.

2. Third Party Programs

DRA does not address questions in this section but may respond to parties' comments during the reply round.

3. Local Government Partnerships

DRA does not address questions in this section but may respond to parties' comments during the reply round.

4. Codes and Standards

DRA does not address questions in this section but may respond to parties' comments during the reply round.

5. Regional Energy Network and MEA Proposals

DRA does not address questions in this section but may respond to parties' comments during the reply round.

6. Administrative Costs

28. *The March 23, 2012 memorandum from the Commission's Water and Audits Division to the Energy Division, noticed to the R.09-11-014 service list on August 15, 2012, states that Commission reporting requirements established in D.05-01-055 and ALJ ruling dated August 8, 2007 are inadequate for the reporting of non-IOU energy efficiency administrative costs in their annual reports. The report recommends that non-IOU energy efficiency administrative costs should be disclosed or reported as a separate line item in the energy efficiency Annual Reports and not co-mingled with Direct Implementation Costs. Do parties agree with this recommendation?*

In the interest of transparency, DRA agrees that non-IOU energy efficiency administrative costs should be disclosed or reported as a separate line item in the energy efficiency Monthly, Quarterly and Annual Reports.

III. CONCLUSION

For the reasons stated above, the Commission should adopt DRA's recommendations summarized in the introduction to these comments.

Respectfully submitted,

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