

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' REPLY COMMENTS TO  
THE OPENING COMMENTS ON THE PROPOSED DECISION APPROVING  
2013-2014 ENERGY EFFICIENCY PROGRAMS AND BUDGETS**

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## I. INTRODUCTION

The Division of Ratepayer Advocates (DRA) submits these reply comments to the opening comments on the Proposed Decision of Administrative Law Judge (ALJ) Fitch Approving 2013-2014 Energy Efficiency (EE) Programs and Budgets issued October 09, 2012 in the above-referenced proceeding (PD).

DRA appreciates the robust dialogue elicited by the PD among the community of EE policy and industry actors, which will serve to sharpen the Commission's direction on EE. DRA limits these reply comments to clarify two factual errors.

## II. DISCUSSION

### A. **With regard to the Joint IOUs' Custom Project Review Alternative Proposal, DRA urges the Commission to correct omission of DRA's position and disagrees with EnerNOC's mischaracterization of stakeholder response**

The PD states that:

In their July 2, 2012 application testimony, all of the utilities propose changes to the processes conducted by Commission staff and utilities for both the *ex ante* energy savings estimates review and the custom project review. These proposals were supported by NRDC, the Efficiency Council, and EnerNOC, and opposed by TURN.<sup>1</sup>

Portions of this statement are not correct. In response to the PD, The Utility Reform Network (TURN) correctly states that TURN opposed the *ex ante* review process changes, but was silent on the custom project review alternative proposal.<sup>2</sup> It was DRA which opposed the Joint IOUs' custom project review alternative. The PD should be corrected to state:

In their July 2, 2012 application testimony, all of the utilities propose changes to the processes conducted by Commission staff and utilities for both the *ex ante* energy savings estimates review and the custom project review.

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<sup>1</sup> PD, p. 56.

<sup>2</sup> TURN Opening Comment, p. 8.

These proposals were supported by NRDC, the Efficiency Council, and EnerNOC, ~~and opposed by TURN.~~ The proposed changes to *ex ante* savings review was opposed by TURN. The proposed changes to the custom project review was opposed by DRA.

In their comments, EnerNOC states that “no parties have offered any substantive opposition to these [custom project review] changes. This is a mischaracterization of comments on the subject within this proceeding. In its comments to the Scoping Memo, DRA explicitly states that: “The IOUs’ proposed alternative treatment of Custom Projects *should be denied* because it *weakens Commission oversight* and erodes the accuracy of cost effectiveness calculations and energy savings determinations.”<sup>3</sup> DRA explains in detail in its comments that this process would erode what is left of the minute amount of independent review of ratepayer funds expended on custom projects, an area that contributes **nearly 30%** of total program electric savings and **nearly 70%** of total program gas savings. As it is, most project savings are accepted as reported,<sup>4</sup> undermining the veracity of cost effectiveness and statewide savings reporting on ratepayer EE investment. Further, parts of the proposal create perverse incentives and additional regulatory burden. These arguments presented by DRA are clearly within the definition of “substantive opposition.”

**B. The IOUs’ Spillover Report does not represent “mutual agreement” among stakeholders and ED staff as represented by EnerNOC**

In its opening comments, EnerNOC states that the Joint Utility Spillover Report submitted in the IOUs’ Applications<sup>5</sup> “represent a mutual agreement between the utilities,

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<sup>3</sup> DRA Comments on the ALJ and AC Scoping Memo and Ruling, pp. i and 5, (emphasis added), available at: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M028/K154/28154882.PDF>.

<sup>4</sup> Reported savings are discounted based on their historical performance (“realization rate”), however even this realization rate is inflated (project savings are accepted at a 90% rate versus actual savings realization rates of 70%). See D. 12.05-015, pp, 342, 343.

<sup>5</sup> A.12-07-004 (SCE), Exhibit SCE-11.

the Energy Division (ED) and its consultants, and other stakeholders.”<sup>6</sup> This is patently untrue. Neither stakeholders nor ED staff agreed on or approved of the Spillover Report. In fact, as the Spillover Report documents, the IOUs have not addressed some of the concerns raised by ED staff. For example, the Spillover Report documents ED staff’s note that the under-subscription rate of available Energy Upgrade California (EUC) funds runs counter to the IOU claim of high market effects. ED further states that the “elevated EUC NTG [net-to-gross, or free ridership, ratio]” - in the magnitude of 30% - “likely already captures most possible market effect.” This would indicate that no additional spillover is occurring. In other words, there is no need to multiply calculated savings by any further effects. Nevertheless, the IOUs maintain a spillover rate of 20% in their report, thereby inflating the level of savings estimated for the EUC program by 20%.

### III. CONCLUSION

DRA appreciates the Commission’s consideration of these comments and urges the Commission to make corrections to any mischaracterizations in the record and base its Decision on the facts of the proceeding.

Respectfully submitted,

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<sup>6</sup> EnerNOC comments, p. 6.