



**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)

And related matters.

APPLICATION 12-07-002  
APPLICATION 12-07-003  
APPLICATION 12-07-004

**Reply Comments of California Center for Sustainable Energy on the  
Proposed Decision Approving 2013-2014 Energy Efficiency Programs and  
Budgets**

**California Center for Sustainable Energy**

**November 5, 2012**

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## **I. INTRODUCTION**

CCSE has enjoyed reading the multitude of comments from the various parties to this proceeding, and appreciates the breadth of perspectives represented, from local governments to ratepayer advocates, contractor associations, energy solutions companies, and non-profit organizations. We feel this is an excellent mix of stakeholders, and the wide variety of opinions paints an appropriate picture of the landscape in which energy efficiency programs operate in California. While it may not be likely in this particular proceeding, we hope that the varied and sometimes disparate ideas regarding the future of energy efficiency policy can soon find common ground so that these vitally important programs can successfully move forward and dramatically increase in scale. If this does not happen, there is a very low probability that the energy goals of this Commission and the intertwined climate goals of the State will be realized at all, let alone in the envisioned timeframe of 7-15 years. We commend the Commission for recognizing the importance of market transformation, marketing, education and outreach, and workforce training and education to the establishment of a marketplace that drives us towards these goals, and we eagerly anticipate modifications to the overall framework governing energy efficiency programming that will further encourage such efforts going forward. With this in mind, we provide comments in response to the following topics addressed by parties in opening comments:

- Energy Upgrade California
- IOU Budget Reductions and Cost-Effectiveness
- Subsidized Energy Assessments

## **II. ENERGY UPGRADE CALIFORNIA**

CCSE agrees with CBPCA and BPI regarding the need for more opportunities for input from the contractor community into the proposed process for redesigning the Energy Upgrade

California whole house program.<sup>1</sup> While the need to hire a market transformation expert remains unclear to us, this particular proposal appears very important to a number of parties, including NRDC, DRA, and the IOUs. Therefore, if this proposal is approved, we urge the Commission to direct that the market transformation consultant is to be selected collaboratively by the working group envisioned in the PD. Since the working group is comprised of a number of entities with historically disparate (and at times opposing) interests, allowing one party to unilaterally choose the consultant would not be beneficial to the overall collaborative process. Additionally, it would be helpful for the Commission to clarify Energy Division's role in the working group, as we would welcome ED staff taking a more actively involved role in the details of the EUC program design going forward. We look forward to working with both CPUC and CEC staff, as well as the other working group members, to begin integrating discussions around the whole house program and AB 758 in order to best meet the state's ambitious energy goals.

### **III. IOU BUDGET REDUCTIONS AND COST-EFFECTIVENESS**

Many parties expressed concerns in opening comments regarding the potential consequences of the proposed non-incentive budget cuts contained in the PD. CCSE agrees with the City of San Diego, Port of San Diego, and City of Chula Vista regarding the need to clarify the specific types of costs the Commission wishes to see cut and which programs and activities must be fully funded due to their strategic importance to the Commission's stated objectives in D.12-05-015 as well as the LTEESP. For example, to allow these budget cuts to adversely affect the delivery of Energy Upgrade California would be inconsistent with the Commission's stated objective of moving the portfolios towards deep, long-lasting energy

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<sup>1</sup> *Comments of California Building Performance Contractors Association on the Proposed Decision Approving 2013-2014 Energy Efficiency Programs and Budgets.* October 29, 2012. Pg. 3

savings; however, this is precisely what will happen if the IOUs are allowed a great deal of flexibility in allocating the cuts, as such programs are a drag on portfolio cost-effectiveness.

We note that there appears to be a dichotomy between Commission direction in D.12-05-015 and the LTEESP's goals regarding the need for deeper energy savings, particularly in the residential sector, and Commission policy regarding cost-effectiveness. This was true before this proposed decision, and we commend the Commission for examining the cost-effectiveness methodology in R.09-11-014; however, the PD's 1.25 TRC requirement, *absent* spill-over effects or any other recognized benefits (C&S, RENs, non-energy benefits, etc.) only further exacerbates this tension. We therefore recommend the Commission consider at least allowing spill-over effects to be included for purposes of portfolio planning for the 2013-2014 period. This would be consistent with the Commission's stated intention for 2013-2014 to be a "transition period."<sup>2</sup>

Regarding TURN's 40/60 proposal, CCSE appreciates the need to contain rising costs which may be associated with superfluous activities that are not providing value to ratepayers. However, we are concerned that such a rule could undermine the need for flexibility in program implementation going forward. Incentives are certainly an important component of the EE portfolios; however, as the Commission looks to achieve market transformation and deeper comprehensive energy savings in hard-to-reach market segments (residential, small commercial, etc.), incentives are just one of many necessary tools that must be brought to bear. Without well-resourced, concerted ME&O as well as workforce training, we will not have an appropriately-skilled workforce to do the work or sell whole house projects, nor will we have homeowners who are educated and informed enough to understand the value proposition of comprehensive retrofits. Additionally, a hard cap of 20% on non-incentive costs and/or a 40/60

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<sup>2</sup> *Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach*. May 19, 2012. Pg. 2.

rule could hinder efforts to transition away from incentives and towards financing, a goal generally shared by nearly all parties. We encourage the Commission to maintain the necessary degree of flexibility to accomplish LTEESP goals in the future, while also vigilantly guarding against misuse of ratepayer funds.

#### **IV. SUBSIDIZED ENERGY ASSESSMENTS**

With respect to subsidizing audits, we agree with the multitude of parties seeking Commission clarification. We note at least two areas that require clarity:

- Clarification that the Commission's direction in this matter applies specifically to whole-house assessments, and does not extend to the C&I sector, where free building audits are crucial to building a scope of work for customers and implementing DI, OBF and other programs, including those targeting local government facilities
- Can whole-home assessments be offered at subsidized rates? For example, can EUC implementers offer homeowners \$200 vouchers for a whole-house energy assessment or rating? We note that there is currently no market price for home energy assessments, and these services can range from \$250-700. We acknowledge the benefits of homeowners having some "skin in the game" and therefore disallowing free assessments; however, we encourage the Commission to allow for discounted assessments in order to drive demand for EUC projects.

#### **V. CONCLUSION**

CCSE appreciates this opportunity to reply to parties' opening comments regarding the Proposed Decision Approving 2013-2014 Energy Efficiency Programs and Budgets. We commend the Commission for maintaining a rigorous and timely schedule to ensure minimal

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market interruptions while making appropriate course changes for the 2013-2014 transition period.

November 5, 2012

A handwritten signature in black ink, appearing to read "Sachu Constantine". The signature is fluid and cursive, with a large loop at the end.

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