

TOD/dc3 11/26/2013



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11-26-13
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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios,
Policies, Programs, Evaluation, and Related
Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

**ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING POST-2014 ENERGY EFFICIENCY GOALS**

1. Introduction

This ruling requests comments on Commission Staff's proposal for energy savings goals for energy efficiency program administrators (administrators) after the current portfolio concludes in 2014. "Energy savings goals" refers to the amount of electricity and natural gas – measured in kilowatt hours, therms and megawatts – that administrators should design their post-2014 energy efficiency portfolios to save. Revised post-2014 energy savings goals will guide administrators as they make their post-2014 portfolio filings.

2. Background

Rulemaking (R.) 13-11-005 may radically change the structure and budget cycles of energy efficiency programs by moving from triennial energy efficiency portfolio cycles to "Rolling Portfolios." In R.13-11-005, the Commission recognized that "review and analysis of 'Rolling Portfolios' will not be completed in time for the 2015 budget cycle." The Commission accordingly established a

process for ensuring that 2015 funding will be in place while it resolves “Rolling Portfolio” implementation issues.

Rulemaking 13-11-005 generally contemplates continuation through 2015 of the energy efficiency portfolios approved for 2013-14. However, R.13-11-005 did identify aspects of the 2013-14 portfolios that might need to change for 2015. Of particular import for this ruling, the Commission stated:

Administrators may need to adjust their portfolios to reflect our adoption of an updated energy efficiency goals and potentials study, and resulting energy efficiency targets. Commission staff has been developing a revised Goals and Potentials Study for use in the California Energy Commission’s (CEC’s) demand forecast and Integrated Energy Planning Report (IEPR). We will put that study and associated targets out for comment, and then adopt new goals and potentials and targets for use with 2015 portfolios. Many stakeholders have been involved in the IEPR process¹ along with our staff, so we expect to adopt new goals and potentials and targets quickly and with a minimum of controversy.

This ruling puts an updated potentials study and associated energy savings goals out for comment.

3. Post-2014 Energy Efficiency Goals

Commission staff recommends that to establish post-2014 goals, the Commission use the 2013 California Energy Efficiency Potential and Goals Study

¹ As was the case with the previous Potential Study, the 2013 Potential and Goals Study was developed with the support of the Demand Analysis Working Group (DAWG). The DAWG is jointly coordinated by the California Energy Commission and this Commission. It provides a public forum to discuss demand and energy efficiency forecast issues. The DAWG provided ongoing informal comments during development of the Potential and Goals study. These comments are posted on the “Dataweb” site. <http://www.energydataweb.com/cpuc/home.aspx>.

that Navigant has prepared for the Commission. It is posted on the Commission website² for parties' review and comment.

Commission staff further recommends that the Commission adopt post-2014 energy efficiency goals, as discussed in Appendix A to this ruling.

3.2 Questions for Comment

This ruling directs parties to respond to the following questions in their comments:³

- A. Does the 2013 Potential and Goals Study present a reasonable and appropriate assessment of the energy efficiency potential available for program administrators to capture? What changes, if any, should be made to improve its accuracy?
- B. Is it appropriate to apply all components of energy efficiency market potential identified in the 2013 Potential and Goals Study to administrator program goals? If not, what portion should be omitted and why?
- C. Are Staff's recommendations appropriate for the application of the 2013 Potential and Goals Study to post-2014 goals? If not, why not, and how should they be changed?

IT IS RULED that:

1. Parties may file and serve comments responding to the questions in this ruling by December 20, 2013. No reply comments are permitted.

²<http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/Energy+Efficiency+Goals+and+Potential+Studies.htm>. Hard copy will be placed in the central file at the Commission.

³ Parties that do not have a response to a question should identify the question and state "no comment."

2. All comments made pursuant to this ruling shall be served on the service list in this proceeding and on the service list from proceeding R.09-11-014 pursuant to California Public Utilities Commission Rules 1.9 and 1.10.

Dated November 26, 2013, at San Francisco, California.

/s/ TODD O. EDMISTER

Todd O. Edmister
Administrative Law Judge

APPENDIX A

APPENDIX A

Commission Staff Addendum on the Application of the 2013 Potential and Goals Study

Background

This staff addendum provides recommendations for the application of the 2013 Goals and Potential Study (2013 Study) to post-2014 IOU energy efficiency portfolio goals.

PU Code 454.55 requires that the Commission, in consultation with the California Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve pursuant to Section 454.5. To meet this statutory requirement, the Commission contracted Navigant Consulting to develop the 2013 Potential and Goals Study. The Study was expected to meet two primary purposes: to establish savings goals for the utilities energy efficiency portfolios; and to inform the forecast for energy procurement planning through the Integrated Energy Policy Report (IEPR) demand forecast. To this end, the approach to setting goals was expected to be “aggressive yet achievable,”⁴ support long-term planning,⁵ encourage a focus on long-term savings,⁶ and “be based on the best available data.”⁷

The 2013 Study updates Navigant’s 2011 Potential Study, which was used to establish 2013-14 goals. The 2013 update expands upon the previous study with the new methodological approach to calculate potential from policies, technologies, and program models that had not been covered in the previous study. The development of the 2013 Study and its application to the demand forecast has been vetted on an ongoing basis by the Demand Analysis Working Group;⁸ a collaborative public forum coordinated jointly by the California Energy Commission and this Commission.

Goals Framework

In D.12-05-015, the Commission determined that 2013-2014 goals should be established as follows:

⁴ D.04-09-060, p.3

⁵ D.04-09-060, p.35

⁶ D.07-10-032, p.5

⁷ D.08-07-047, pgs.18-19

⁸ The 2013 Study is also being used to inform IEPR demand forecast prepared by the California Energy Commission (CEC). In collaboration with California Independent System Operator and the Commission, and with input from the Demand Analysis working group, CEC has prepared five scenarios for the Additional Achievable Energy Efficiency Forecast. This addendum does not provide recommendations for how the scenarios should be used in the demand forecast or procurement planning process, which will be addressed in the IEPR proceeding.

1. Use the 2011 potential study and codes & standards advocacy savings estimates as the basis for goals, applying 100% of incremental market potential to IOU program goals;
2. Establish separate targets for IOU programs and codes & standards advocacy;
3. Goals applied on a gross basis per current policy; and
4. Set annual goals for 2013-14 cycle.

For post-2014 planning, staff proposes to maintain the goals framework established in D.12-05-01 and to apply the results of the 2013 Potential and Goals Study. The annual goals in Tables 1, 2, and 3 are preliminary and may be updated based on party comments and Commission review.

Note that we propose only adopting annual goals. Prior to the D.12-05-015 decision, Commission policy required administrators to meet both annual and cumulative savings goals. The purpose of cumulative goals is to encourage administrators to invest in energy efficiency measures that produce persistent savings. The Commission in D.12-05-015 adopted only annual goals for 2013-14, indicating that challenges remained with the application of cumulative goals to IOU portfolios. Subsequently, D.13-09-023 adopted the Efficiency Savings and Performance Incentive Mechanism, which scaled incentive earnings to lifecycle savings. This approach effectively addresses our desire to encourage the utilities to maximize long term savings. Therefore, consistent with D.12-05-015, we propose that the Commission only adopt annual and not cumulative goals.

Proposed Goals

The following goals tables were created as an output from the 2013 Potential and Goals Study model, present on pages 25-26 of the report, which can be found at <http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/Energy+Efficiency+Goals+and+Potential+Studies.htm>.

Table 1. Annual GWh

IOU	PG&E		SCE		SDG&E		Total		
Year /Source	IOU Programs	Net C&S	Total						
2013	876	345	811	356	212	81	1,899	781	2,680
2014	872	267	779	276	201	63	1,852	606	2,458
2015	773	283	755	292	198	66	1,726	640	2,366
2016	778	414	780	427	195	97	1,753	937	2,690
2017	772	324	752	334	186	76	1,710	734	2,445
2018	610	293	583	302	138	69	1,331	664	1,994
2019	645	284	632	293	158	66	1,434	644	2,078
2020	696	270	693	279	169	63	1,559	613	2,171
2021	747	228	751	235	184	53	1,683	517	2,199

2022	811	202	793	209	208	47	1,812	458	2,271
2023	853	162	853	167	214	38	1,920	366	2,286
2024	897	149	902	153	223	35	2,022	337	2,359

Table 2 Annual MW

IOU	PG&E		SCE		SDG&E		Total		Total	
	Year / Source	IOU Programs	Net C&S	IOU Programs	Net C&S	IOU Programs	Net C&S	IOU Programs		Net C&S
2013		170	40	132	41	39	9	341	91	432
2014		177	37	133	38	38	9	348	84	432
2015		119	44	121	46	33	10	273	100	373
2016		121	85	127	87	33	20	281	192	473
2017		126	56	125	58	32	13	283	127	410
2018		104	54	103	56	26	13	233	123	356
2019		111	54	113	55	29	13	254	122	375
2020		122	53	125	54	31	12	278	119	397
2021		132	48	137	50	34	11	302	109	412
2022		145	46	147	47	38	11	329	103	433
2023		154	41	159	43	40	10	353	94	447
2024		164	40	170	41	42	9	376	90	466

Table 3. Annual MMTherms

IOU	PG&E		SCG		SDG&E		Total		Total	
	Year / Source	IOU Programs	Net C&S	IOU Programs	Net C&S	IOU Programs	Net C&S	IOU Programs		Net C&S
2013		19	-1	27	-1	3	0	48	-2	47
2014		20	0	27	1	3	0	49	1	51
2015		18	1	27	2	3	0	47	3	50
2016		18	3	27	4	3	0	48	7	55
2017		18	3	27	5	3	0	48	9	57
2018		21	4	27	6	3	0	52	10	63
2019		22	4	28	7	4	0	54	11	65
2020		23	4	28	7	4	0	55	11	67
2021		24	4	29	6	4	0	57	10	67
2022		24	4	30	6	5	0	59	10	69
2023		25	4	31	6	5	0	60	10	70
2024		26	4	31	6	5	0	62	10	72

(END OF APPENDIX A)