

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



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Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans and Associated Public Goods Charge (PGC) and Procurement Funding Requests.	Application 08-07-021 (Filed July 21, 2008)
And Related Matters.	Application 08-07-022 Application 08-07-023 Application 08-07-031

**COMMENTS OF
THE COUNTY OF LOS ANGELES
ON PROPOSED AND ALTERNATE DECISIONS ADDRESSING PETITION FOR
MODIFICATION OF D.09-09-047**

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For THE COUNTY OF LOS ANGELES

December 6, 2010

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the County of Los Angeles (“County”) submits these comments on the Proposed and Alternate Decisions that address the Petition to Modify D.09-09-047. The County recommends that the final decision adopted by the Commission approve Southern California Edison’s (“SCE”) and Southern California Gas Company’s (“SoCalGas”) proposed modifications to the Advanced Whole House Program. Providing a minimum energy savings eligibility threshold of 10% will allow for greater customer participation in the program, and increase statewide energy savings from comprehensive home retrofits. The justification for these benefits is explained below.

The County of Los Angeles is a key partner with SCE and SoCalGas in the implementation of a whole house retrofit program under the aegis of Energy Upgrade California, and is investing approximately \$35 million in combined grant funds it has received from the Department of Energy and the California Energy Commission to aggressively support whole house retrofits within Los Angeles County. The County has also been working closely with SCE and SCG over the past several months to refine the final program design, complete a combined Strategic Plan for the program’s marketing outreach and communications campaign, as well as coordinate an extensive series of orientation and training sessions for contractors, cities and other critically important program stakeholders in the region.

The County appreciates the Proposed Decision and Alternate Decision modification to the existing requirements for the statewide Basic (“prescriptive”) Whole House Programs, reducing the required minimum energy savings from 20% to 10%. However, neither the Proposed Decision nor the Alternate Decision adopt the SCE and SCG proposal to reduce the minimum energy savings target for the Advanced (“performance”) Whole House Programs to

10%. Both Decisions agree with comments from the Division of Ratepayer Advocates (“DRA”) and the Utility Reform Network (“TURN”) that without further information, they are unsupportive of the investor-owned utilities’ (“IOU”) proposal to reduce the minimum energy savings level for the IOUs’ local Advanced Whole House Program. Presented below is information that supports and justifies the proposed modification to the minimum energy savings threshold for the Advanced Whole House Program from 20% to 10%.

The County of Los Angeles firmly believes that the modified program design for the advanced path Whole House Program that has been proposed by the IOUs is the program design that will result in highest level of Whole House Program participation and will maximize statewide energy savings from the Whole House Program. The rationale for revising the proposed minimum energy savings threshold for the Advanced path to 10% is very closely tied to the reduction in the assumed energy savings for the Basic path to 10%. Without simultaneously modifying the minimum savings threshold for the advanced path to 10%, we are left with a “dead zone” in terms of eligibility for participation by any homeowner who can achieve energy savings greater than 10% but less than 20%, thereby greatly reducing the potential pool of program participants who may otherwise be very motivated to take proactive steps to install energy saving measures. The proposed modification therefore provides an unbroken pathway from the Basic to the Advanced path and eliminates this potential “dead zone.”

Additionally, a portion of SCE’s customer base does not have any type of air conditioning (central or ductless), which is a prerequisite for participation in the Basic path. By offering an Advanced path participation option at 10%, parity between the Basic and Advanced path can be maintained for these distinct customers. Also, many homeowners may have already

completed one or more of the required measures for the Basic path and would therefore be ineligible for Basic path participation. In the absence of an Advanced path that commences at a 10% savings level, these homeowners will be left with no option to participate in the Whole House Program when their specific circumstances may make it too difficult or too costly to achieve a full 20%, even if they are able to achieve at least between a 10% and 20% energy savings. The County believes that it is very important for the final program design to ensure that any homeowner who can achieve at least a 10% savings from a comprehensive home energy retrofit should have access to a Whole House Program participation pathway.

The proposed modified Advanced Whole House Program incentive structure maintains essentially the same level of cost-effectiveness when compared to the original program design because the proposed incentive at a 10% or 15% savings level has been calibrated downwards in proportion to the lower anticipated savings. The incentives were specifically designed in this manner to encourage participation at the highest possible energy savings levels. For example, the proposed IOU incentive/performance structure for the Advanced path is as follows: 10% - \$1,250; 15% - \$1,500; 20% - \$2,000; 25% - \$2,500; 30% - \$3,000; 35% - \$3,500; and 40% - \$4,000. The proposed incentives therefore continue to provide a greater reward for those customers who wish to pursue higher levels of efficiency. The County is confident that this approach will most effectively engage greater customer participation. In addition, Los Angeles County will offer an additional \$500 incentive using its separate U.S. Department of Energy grant funds to reward only those homeowners who achieve at least a 20% or higher energy savings (the combined IOU/County incentive at the 20% level will be \$2,500). This County-administered incentive effectively provides a \$1000 jump from the 15% to 20% performance

level and will thus further reinforce the message that greater energy savings from a retrofit will result in greater financial rewards.

It is important to note that the denial of the IOUs' Advanced Whole House Program proposed modifications was unexpected due to the fact that the development of both the Basic and Advanced Whole House Program was the result of an intensive process over the past several months entailing a coordinated and collaborative statewide effort between multiple agencies and stakeholders. This included numerous meetings and discussions which culminated in an All-Party meeting on the Whole House Program convened by the Commission in October. As a result of this process, it was understood by Los Angeles County and other local government jurisdictions that a 10% minimum savings threshold for the Advanced path Whole House Program had been accepted by all participants in the aforementioned process, including the Energy Division. Accordingly, much effort has been expended over the past few months to design and produce marketing, outreach, and communications materials and provide orientation and training to hundreds of contractors. In all cases, these materials and communications have referenced a minimum energy savings threshold for the Advanced path that starts at 10%. To not allow the proposed change to the Advanced path eligibility criteria at this late stage in the process (the Whole House Program is scheduled to fully launch by mid-January) would not only be very disruptive but would be wasteful of the limited financial resources for the program on the part of all Whole House Program administrators, including Los Angeles County. It would also sow confusion within the contractor community that is so critically important to the success of the Whole House Program.

Based on the multiple justifications outlined above, the IOUs' proposed Whole House Program Advanced path modification to move the minimum savings eligibility threshold from

20% to 10% should be approved to prevent disruption of the Whole House Program launch and ensure that all homeowners who can achieve at least a 10% energy savings from their home retrofit will have access to a participation pathway within the Whole House Program.

Dated: December 6, 2010

Respectfully submitted,

By: 

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For THE COUNTY OF LOS ANGELES

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of "Comments of the County of Los Angeles on Proposed and Alternate Decisions Addressing Petition for Modification of D.09-09-027" on all known parties of record in A.08-07-021, et al. by transmitting an e-mail message with the document attached to each party named in the official service list, and by serving a hard copy on the Administrative Law Judge.

Executed on December 6, 2010

A handwritten signature in blue ink that reads "Jody S. London". The signature is written in a cursive style with a long horizontal stroke at the end.

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Proceeding: A0807021 - EDISON - FOR APPROV
Filer: Southern California Edison Company
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Proceeding: A0807022 - SOCAL GAS CO - FOR A
Filer: Southern California Gas Company
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Proceeding: A0807023 - SDG&E - FOR APPROVAL
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Proceeding: A0807031 - PG&E - FOR APPROVAL
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