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

Order Instituting Rulemaking to Examine the  
Commission's Post-2008 Energy Efficiency Policies,  
Programs, Evaluation, Measurement, and Verification, and  
Related Issues

Rulemaking 09-11-014  
(Filed November 20, 2009)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY EFFICIENCY INDUSTRY  
COUNCIL (EFFICIENCY COUNCIL) ON THE PROPOSED DECISION AND  
ALTERNATE PROPOSED DECISION REGARDING PUBLIC PURPOSE PROGRAM  
FUNDS, PHASE III**

September 27, 2011

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**I. Introduction and Summary**

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits this reply to comments submitted September 22, 2011 by parties in this proceeding in response to the Proposed Decision of ALJ Farrar (PD) and Alternate Proposed Decision of Commissioner Ferron (APD) regarding Public Purpose Program Funds, both dated September 2, 2011. These reply comments are submitted in accordance with Rule 14.3, Rule 1.13, and Rules 1.9 and 1.10 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure.

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency services and products in California.<sup>1</sup> Our member businesses, now numbering over 50, employ over 4,000 Californians throughout the state. They include energy service companies, engineering and architecture firms, contractors, implementation and evaluation experts, financing experts, workforce training entities, and manufacturers of energy efficiency products and equipment. The Efficiency Council's mission is to support appropriate

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<sup>1</sup> More information about the Efficiency Council, including information about the organization's current membership, Board of Directors, and antitrust guidelines and code of ethics for its members, can be found at [www.energycouncil.org](http://www.energycouncil.org).

energy efficiency policies, programs, and technologies that create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

The Efficiency Council appreciates the opportunity to provide these reply comments and continues to urge the Commission to quickly adopt the APD in order to avoid additional losses in energy savings and maintain continuity of programs as much as possible. We share the opinion of the majority of the parties that the Commission should expeditiously adopt the APD. These reply comments are summarized as follows:

- The majority of parties agree that the Commission should adopt the APD rather than the PD as it provides a higher level of funding, greater flexibility to rebalance the composition of the portfolio if further shortfalls occur, and greater assurance of continued delivery of effective natural gas efficiency programs without costly interruptions.
- The Efficiency Council reiterates that the Commission should quickly adopt the Alternate Proposed Decision as soon as possible at its October 6, 2011 business meeting, as the impact of the uncertainty is already being felt by customers and businesses.

## **II. Discussion**

**The majority of parties agree that the Commission should adopt the APD rather than the PD as it provides a higher level of funding, greater flexibility to rebalance the composition of the portfolio if further shortfalls occur, and greater assurance of continued delivery of effective natural gas efficiency programs without costly interruptions.**

The Efficiency Council supports the majority consensus among the parties filing September 22, 2011 opening comments on the PD and APD that the Commission should adopt the APD to best ensure the continued delivery of natural gas efficiency programs, given the state's budget appropriation of gas PPP funds to unrelated purposes in SB 87. Seven of the nine parties that filed opening comments support the APD; the Efficiency Council joins the Natural Resource Defense Council (NRDC), Local Government Sustainable Energy Coalition (LGSEC), and the City and County of San Francisco (CCSF), as well as Pacific Gas and Electric, San Diego Gas and Electric, and Southern California Gas (collectively filing as the "Joint IOUs") in supporting the APD for its higher level of backfill funding for natural gas efficiency programs,

greater flexibility to continue programs that may have merit beyond what their TRC ranking may imply in the event further funding shortfalls occur, and greater assurance of continuation of natural gas efficiency programs without costly interruptions.

The higher level of funding in the APD is supported by the majority of parties for a variety of reasons. As noted by NRDC, the APD will “result in the curtailment of fewer programs... and offers more flexibility to balance the portfolio if there are insufficient funds” (p. 2). It is clear that the Commission should ensure adequate financial support of the effective natural gas efficiency programs that are necessary to meet the state’s aggressive climate and energy savings goals, as noted by CCSF (p. 1) and Joint IOUs (p. 2). As LGSEC implores, the Commission must “do everything in its power to be mindful of program continuity” (p. 2); uncertainty in funding leads to disruptions in long-term energy savings and the efficiency-delivery infrastructure. Customer relationships have already been impacted by the IOUs’ scaling back of natural gas programs and hold on rebates as we wait for a decision from the Commission, and a variety of program implementers and their ability to retain experienced staff are also affected by funding uncertainty.

**The Efficiency Council urges the Commission to quickly adopt the Alternate Proposed Decision as soon as possible at its October 6, 2011 business meeting, as the impact of the uncertainty is already being felt by customers and businesses.**

The Efficiency Council stresses that the current funding uncertainty due to the unresolved Commission direction on backfill funding for lost PPP funds has already begun to negatively impact customers and implementers, resulting in unmet energy savings potential, stifled job growth, and curtailed investment. Timely action by the Commission to restore funding to the greatest extent possible will help to avoid additional costly program interruptions.

### **III. Conclusion**

The Efficiency Council appreciates this opportunity to offer this reply to the comments on the PD and APD considering the reduction in PPP funding. The Efficiency Council joins the majority of parties in urging the Commission to adopt the APD at its October 6, 2011 business meeting. The Efficiency Council continues to look forward to working with the Commission

and other stakeholders to ensure the continuity of natural gas efficiency programs in the portfolio in order to help meet the state's energy goals, Strategic Plan, and AB32 goals.

Dated: September 27, 2011

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Audrey Chang". The signature is written in a cursive, flowing style. Below the signature is a solid horizontal line.

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