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

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| 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, 2010) |

# COMMENTS OF THE CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL (EFFICIENCY COUNCIL) IN RESPONSE TO THE ASSIGNED COMMISSIONER'S RULING AND SCOPING MEMO REGARDING CONTINUATION OF FUNDING FOR ENERGY EFFICIENCY PROGRAMS

October 12, 2011

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## I. Introduction and Summary

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits these comments, in accordance with Rules 1.9 and 1.10 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure and in response to the "Assigned Commissioner's Ruling and Scoping Memo Regarding Continuation of Funding for Energy Efficiency Programs" (ACR), dated September 28, 2011.

The ACR requests comments on the proposed approach or alternative proposals, noting that parties are not required to file comments unless they object or have alternate approaches. The Efficiency Council does not object to the proposal. Nevertheless, the Efficiency Council offers these comments in strong support of the ACR's proposal to use procurement funds to backfill energy efficiency program funding that will no longer be collected through the Public Goods Charge (PGC). Utilizing the Commission's existing authority to ensure full funding of cost-effective energy efficiency is well-warranted to ensure that consumers continue to benefit through lowered energy bills and California and the Commission's energy, climate and economic development goals are met.

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency services and products in California.[1] 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 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's members have substantial expertise in California's energy efficiency industry and have on-the-ground experience with successfully delivering efficiency savings in the state through a variety of channels and helping California's residents and businesses lower their utility bills. Our member companies, consistent with trends experienced in the overall energy efficiency industry across the country, experienced employment growth of nearly 30% in 2009 and another 20% in 2010. Efficiency Council member companies also expect to hire at least hundreds more individuals in California in the year to come, providing a rare bright spot of employment growth in the state's otherwise stagnant economy.

The Efficiency Council appreciates the opportunity to provide these comments in support of the ACR's proposal, and it looks forward to continuing collaboration with other stakeholders to ensure California's efficiency leadership continues and that benefits to the state's economy are maximized. The Efficiency Council's response to the ACR is summarized as follows:

- The Efficiency Council supports the Commission's proposal to expand the scope of the proceeding to ensure full and adequate energy efficiency funding going forward. We also strongly urge the Commission to quickly resolve the funding issue for the remainder of the 2010-2012 portfolios, and to ensure discussions surrounding the 2010-2012 cycle are limited only to funding issues, such that continued delivery of approved efficiency programs will not be disrupted.

[1] 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.efficiciencycouncil.org. The views expressed by the Efficiency Council are not necessarily those of its individual members.

- The Efficiency Council supports the Commission's proposal to use existing Commission authority to ensure that energy efficiency continues to be adequately funded to fulfill the state's statutory and policy mandates. We believe it is absolutely essential to maintain funding for energy efficiency programs in order to continue generating energy and cost savings benefits for customers, job creation, and the ability of the state to meet its energy savings, Strategic Plan, and AB 32 goals.
- The Efficiency Council supports the augmentation of procurement funds to cover energy efficiency funds that will no longer be collected through the PGC, as it is simply an accounting change that would continue to draw upon customer-provided funds to continue to provide net benefits to customers through lowered energy bills.

## II. Discussion

**The Efficiency Council supports the Commission's proposal to expand the scope of the proceeding to ensure full and adequate energy efficiency funding going forward. We also strongly urge the Commission to quickly resolve the funding issue for the remainder of the 2010-2012 portfolios, and to ensure discussions surrounding the 2010-2012 cycle are limited only to funding issues, such that continued delivery of approved efficiency programs will not be disrupted.**

The Efficiency Council supports the Commission's proposal to "[expand] the scope of the proceeding to assure that EE funding remains available going forward at contemplated levels." (p. 3) Given the discontinuation of PGC collections in 2012, the Efficiency Council fully agrees that the Commission must address how to ensure full funding continues for the current 2010-2012 cycle. As a result, we strongly support the Commission's proposal to expand the scope of this main proceeding to address funding issues going forward.

In order to avoid any possible disruption in 2012 programs and negative impacts on consumers and implementers that would result in decreased savings, consumer benefits, job impacts, and state goal attainment, the Efficiency Council strongly urges the Commission to quickly resolve funding issues for the already-approved current cycle. The Commission must ensure stability in the efficiency portfolios and act to ensure full funding for 2012 programs well in advance of January 1, 2012.

The Efficiency Council appreciates, as the ACR also notes, that the Commission is also currently addressing funding for portfolios in 2013 and beyond that may have necessitated revenues from the PGC, and we support efforts to ensure continued backfilling of the PGC in the future. However, 2012 funding issues must first be quickly resolved before the end of the year, prior to turning to other issues. The Efficiency Council recognizes that in addition to funding issues, the Commission is also addressing other future cycle portfolio planning and energy efficiency policy issues in this proceeding. We urge the Commission to ensure that the funding issues for 2010-2012 are resolved first and foremost, as this portfolio cycle has already been approved by the Commission. Discussions around other aspects related to the 2010-2012 cycle are not appropriate at this time. Other future cycle planning issues should be addressed elsewhere in this proceeding as part of ongoing comments and rulings.

**The Efficiency Council strongly supports the Commission's proposal to use existing Commission authority to ensure that energy efficiency continues to be adequately funded to fulfill the state's statutory and policy mandates. We believe it is absolutely essential to maintain funding for energy efficiency programs in order to continue generating energy and cost savings benefits for customers, job creation, and the ability of the state to meet its energy savings, Strategic Plan, and AB 32 goals.**

As noted in the ACR, the Commission has a statutory mandate to promote energy efficiency, including long-term energy resource procurement where energy efficiency is first in the loading order – in overseeing the IOUs' procurement of energy resources, the Commission is required to prioritize cost-effective energy efficiency for meeting the state's energy needs.[2] The ACR also notes that the Commission, in D.03-12-062, established the use of procurement funds to support its energy efficiency priorities "regardless of the limitations of the…PGC mechanism." The state is also required to reduce greenhouse gas emissions under AB 32, a significant portion of which is intended to be met through energy efficiency savings. Various Commission policies, including the Energy Efficiency Long Term Strategic Plan adopted in

[2] PUC Sec 454.5(b)(9)(c)

D.09-09-040, also require the Commission to focus on long-term energy savings. Such statutory and policy mandates require consistent funding and programming to achieve their goals.

With the expected discontinuation in 2012 of the collection of the PGC, approximately $250 million annually, the Efficiency Council supports the Commission's proposal to use alternate funds to maintain the already-approved programs in the current 2010-2012 energy-efficiency portfolio cycle. In addition, we urge the Commission not to limit its consideration going forward to ensure sufficient funding to simply backfill the PGC, but rather to ensure adequate and consistent funding that fulfills its statutory mandate for all "cost-effective, reliable, and feasible" energy-efficiency.[3]

The Efficiency Council believes that in addition to ensuring energy and greenhouse gas emissions savings, continued full funding for energy efficiency programs creates direct and indirect job benefits in California as well as overall cost-savings for consumers and businesses throughout the state. Not only is it well-established that investing in energy efficiency is less expensive than investing in new supply-side resources, energy efficiency provides bill savings for customers. The energy efficiency industry is also a bright spot in California's struggling economy, experiencing continued growth due to stable and consistent policy direction that prioritizes energy efficiency. Any reduction in funding will disrupt the state's energy efficiency programs currently underway and will put the consumer cost savings, jobs, and growing energy efficiency industry at immediate risk.

**The Efficiency Council supports the augmentation of procurement funds to cover energy efficiency funds that will no longer be collected through the PGC, as it is simply an accounting change that would continue to draw upon customer-provided funds to continue to provide net benefits to customers through lowered energy bills.**

The Efficiency Council supports the ACR proposal "that the Commission make additional PEEBA [Procurement Energy Efficiency Balancing Account] funds available to backfill the PGC funding so that electric EE is funded in 2012 at the same level as currently

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[3] Pub. Util. Code § 454.5(b)(9)(C).

authorized for such programs in Decision (D.) 09-09-047." (p. 3) This augmentation of PEEBA funds to cover energy efficiency revenues that will no longer come from the PGC funding mechanism will ensure continuation of efficiency programs without disruption. We also generally support the ACR's proposal to avoid rate increases to any IOU customers related to energy efficiency for the 2010-2012 program cycle by recovering additional PEEBA funds on the basis of usage, as the PGC would have been collected. However, we do not specifically comment at this time on the appropriateness of collecting PEEBA funds going forward on the basis of usage.

The Efficiency Council believes it is important to note that the state's energy efficiency goals were not established based on funding availability or the account from which funds came, but were established based on potential studies for efficiency savings. As a result, the goals are not and should not be affected by the discontinuation of PGC collections, and maintaining full funding is key to meeting the goals. The sunset of legislative authority for collection of PGC funds from IOU customers does not in any way affect the existing authority of the CPUC in approving the use of the IOUs' procurement funds. Both PEEBA funds and PGC funds are collected from IOU customers; augmenting PEEBA funds to continue full support for energy efficiency programs is fully warranted and simply amounts to a change in accounting. Use of increased procurement funds for energy efficiency will ensure net benefits continue to be provided to customers through lowered energy bills.

## III. Conclusion

The Efficiency Council appreciates the opportunity to offer these comments on the Assigned Commissioner's Ruling regarding the use of PEEBA to backfill funding that would have been collected in the PGC. The Efficiency Council believes it is critical to maintain stability in funding for energy efficiency programs in order to meet the state's energy and greenhouse gas reduction goals, as well as ensure savings for utility customers and continue to create energy efficiency jobs. The Efficiency Council looks forward to working with the Commission and other stakeholders to ensure the continuity in the state's energy efficiency programs.

Dated: October 12, 2011

Respectfully submitted,

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