



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the
California Solar Initiative, the Self-Generation
Incentive Program and Other Distributed
Generation Issues.

Rulemaking 08-03-008
(Filed March 13, 2008)

**THE DIVISION OF RATEPAYER ADVOCATES'
COMMENTS ON THE PROPOSED MEASUREMENT AND
EVALUATION PLAN FOR THE CALIFORNIA
SOLAR INITIATIVE PROGRAM**

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June 17, 2008

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I. INTRODUCTION

Pursuant to the California Public Utilities Commission (Commission) Assigned Administrative Law Judge’s Ruling dated May 20, 2008 in Rulemaking 08-03-008, the Division of Ratepayer Advocates (DRA) submits these comments on the Energy Division Staff’s proposed CSI Measurement and Evaluation Plan, May 30, 2008.

The Assigned Commissioner’s Ruling seeks comments from the parties on the proposed measurement and evaluation (M&E Plan), consisting of a comprehensive schedule for a wide variety of measurement and evaluation activities and reports for the next several years and, in some cases, through the end of the CSI end date of 2016. As stated in the Overview of the M&E Plan:

In addition to facilitating effective management of the CSI program, this M&E Plan will support reporting requirements contained in relevant legislation and Commission decisions.¹

The M&E Plan identifies some activities and reports that are required by statute and others that are not required, all of which are to be funded out of the M&E portion of the CSI budgets of the CSI Program Administrators.

¹ Page 4, M&E Plan.

II. DISCUSSION

DRA commends the Energy Division Staff for setting forth a schedule and budget for such a wide range of types of M&E studies. It appears as though the M&E Plan for the CSI program is comparable in scope to M&E studies and activities that the Commission has been approving for the Energy Efficiency (EE) programs since the 1990's. DRA believes this approach will be useful in assessing the performance of both the EE and the Distributed Generation portfolios of demand-side programs.

DRA's comments focus on what it believes to be the most important subset of M&E studies and activities – those that will address the critical issues of program cost-effectiveness. Specifically, the activities associated with the preparation and completion of cost-effectiveness in sections 3.3.5 (Cost Effectiveness Studies) and 3.3.6 (Net Metering Cost/Benefit Study) are the focus of DRA's comments.²

The CSI program should be carefully monitored and regularly assessed for cost-effectiveness as a means of ensuring maximum benefits from the program. In addition, DRA believes that the periodic review of cost-effectiveness should be conducted in a manner that will facilitate a meaningful basis for comparing, in a consistent and standardized manner:

- The relative cost-effectiveness of different markets within the CSI program (e.g., residential retrofit, non-residential retrofit, residential new construction, non-residential new construction, and various segments within these categories);
- The relative cost-effectiveness of CSI projects that are financed by way of the Performance Based Incentive (PBI) mechanism as opposed to those financed through the more conventional up-front rebate mechanism;
- The relative cost-effectiveness of different elements of the CSI portfolio with different elements of the Energy Efficiency measures;
- The relative cost-effectiveness of the CSI subsidies compared to other, emerging, approaches to paying for

² Page 16 of the M&E Plan, as well as the summary table on page 19.

energy produced by the various types of solar electricity equipment;³

- The relative cost-effectiveness of CSI projects to other types of renewables such as Wind, Biomass, Geothermal, and Tidal and Wave Power;
- The relative cost-effectiveness of CSI projects to non-renewable power plants (natural gas and coal) and nuclear power plants.

The ability to make the kinds of comparisons noted above will remain a serious challenge and will benefit from the use of methods and methodologies that are in place for other demand-side management programs (i.e., Energy Efficiency and, potentially, Demand Response). DRA has long supported the Commission's use of the California Standard Practice Manual (SPM) and the Commission's stated intent to use the SPM's general framework, methodology, and tests of cost-effectiveness for all types of demand-side management programs.

Along these lines, DRA notes the following concerns regarding the Commission's intent to conduct the cost-effectiveness studies in the CSI M&E Plan:

- In the March 13, 2008 Order (Section 3.3) preceding the April 22 Pre-Hearing Conference, there is a reference (page 13) to the intended use of the Standard Practice Manual (SPM) when assessing the cost-effectiveness of the CSI program, whereas there is no reference to the SPM in the proposed M&E Plan;
- During the PHC, the CEC noted that they hired a consultant to conduct a cost-effectiveness analysis of the CSI program, and indicated the likely use of the SPM, but made no commitment to make the study and consultant available for scrutiny in a CPUC evidentiary hearing;
- At the PHC several parties, including DRA, expressed a desire to include in the scope and schedule an evidentiary hearing on the results of any cost-effectiveness studies conducted on the CSI, yet there is no indication in the

³ For example, one emerging approach is where Concentrating Solar Power (CSP) or Photovoltaics (PV) are installed on rooftops with no effect on the customer side of the meter, such as SCE's recent proposal in A. 08-03-015.

M&E Plan that such an event might occur, or how the studies planned by the Energy Division might be used for comparison to the one expected from the CEC.

III. RECOMMENDATIONS AND CONCLUSIONS

DRA respectfully requests that the Commission consider the above comments, and the following recommendations for revising the M&E Plan:

- (1) Clarify, on page 16, that the item noted as “Methodology” in the C-E Study Proposed Outline means that the CA SPM, at a minimum, will be the primary basis and methodological approach for this study;
- (2) Clarify whether or not, and how, the C-E studies on the CSI program from the CEC and those identified in the Energy Division’s M&E Plan will be subjected to evidentiary hearings.

Given the importance of cost-effectiveness – and given the likely controversial nature of the results of the cost-effectiveness studies that have been identified in this Rulemaking –DRA believes that evidentiary hearings on these studies, including the on-going questions regarding methodologies, should be scheduled.

The M&E Plan (page 19) calls for conducting cost-effectiveness studies every three years through the end of the program authorization period. It may not be necessary to subject each and every one of these studies to evidentiary hearings. For the initial ones (2009, for both the CSI and Net Metering), however, DRA believes that it will be important to do so, in order to lay a foundation for the use of common methods and methodologies for all three sets of demand-side management portfolios.

Respectfully submitted,

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June 17, 2008

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “THE DIVISION OF RATEPAYER ADVOCATES’ COMMENTS ON THE PROPOSED ENERGY EFFICIENCY MEASURES FOR THE CALIFORNIA SOLAR INITIATIVE PROGRAM” in **R.08-03-008** by using the following service:

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Executed on June 17 2008 at San Francisco, California.

/s/ HALINA MARCINKOWSKI

Halina Marcinkowski

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