

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 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.

Application 11-05-017
(Filed May 16, 2011)

Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Program and Budgets for Program Years 2012-2014.

Application 11-05-018
(Filed May 16, 2011)

Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget. (U39M)

Application 11-05-019
(Filed May 16, 2011)

Application of San Diego Gas & Electric Company (U902M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.

Application 11-05-020
(Filed May 16, 2011)

EX PARTE NOTICE OF THE UTILITY REFORM NETWORK



July 5, 2012

Hayley Goodson
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EX PARTE NOTICE OF THE UTILITY REFORM NETWORK

Pursuant to Rules 8.2, 8.3, and 8.4 of the Commission's Rules of Practice and Procedure, The Utility Reform Network (TURN) gives notice of the following ex parte communications in this proceeding.

On July 2, 2012, Hayley Goodson, Staff Attorney at TURN, met with Rahmon Momoh, Advisor to Commissioner Timothy A. Simon, from 4:05 p.m. until 4:45 p.m. The meeting was in-person and took place in Mr. Momoh's office on the 5th Floor of the Commission's office building located at 505 Van Ness Avenue, San Francisco, California, 94102. The meeting was initiated by Ms. Goodson. No one else was present during this meeting. Ms. Goodson used the written materials included in this notice as Attachment 1, discussed below.

Ms. Goodson discussed the need for modifications to the Proposed Decision of Administrative Law Judge Kim, issued in this proceeding on May 4, 2012. Concerning the California Alternate Rates for Energy (CARE) program, Ms. Goodson discussed the Proposed Decision's directive that 100% of customers enrolled in CARE through Categorical Enrollment should be subject to Post-Enrollment Verification (PEV). Ms. Goodson stated that the Commission should make no change to the Categorical Enrollment process at this time but hold a workshop in Phase 2 of this proceeding to explore whether the current list of "Categorical" programs should be modified. Ms. Goodson noted that this approach has strong support across a range of parties in this proceeding. Second, Ms. Goodson discussed the Proposed Decision's expansion of PEV for the CARE program as a whole to 25%. Ms. Goodson advocated the use of statistical modeling to target PEV to those CARE customers least likely to be eligible and a 5%

ATTACHMENT 1

Energy Savings Assistance Program (ESAP)

Changes to the Proposed Decision in A.11-05-017 et al. Recommended By The Utility Reform Network (TURN)

A. ACTION STEPS THAT SHOULD BE ADOPTED IN THE FINAL DECISION

1. Directives Regarding Measures to be Installed in Homes

- Remove the cap on lighting replacements, and enable ESAP contractors to offer a wide variety of efficient lighting solutions to increase acceptance of lighting improvements;
- Allow all enrolled customers to receive at a minimum energy education and lighting replacement, regardless of the Modified Three Measure Minimum Rule;
- Increase insulation minimums for ESAP consistent with general Energy Efficiency standards; and
- Include room AC, central AC, and high-efficiency forced air furnaces in the program (for installation in appropriate homes).

These proposals have been suggested either by intervenors or by the utilities and should be incorporated into the current PD and immediately applied to the current program designs. We recommend that the Commission invite the utilities to comment on budgetary impacts of these orders, if any, during the public comment period provided in conjunction with the issuance of the revised PD.

2. Removal of Other Constraints on the Measures to Be Installed in Homes, Pending the Development of More Appropriate Policy Rules

- Suspend the Modified Three Measure Minimum Rule; and
- Suspend the application of the 0.25 benefit-cost threshold to each measure.

Many intervenors, including some utilities in their Applications, requested eliminating these ineffective rules. Since there is a substantial record on this matter supporting modification, the Commission should eliminate the Modified Three Measure Minimum Rule and the 0.25 benefit-cost threshold for each measure in the final decision, while directing that the implementation of this change will follow additional stakeholder input in the months ahead.

3. Change to the Current Metric of Program Success

- Indicate that the success of ESAP will be evaluated based on the energy and bill savings benefits delivered by the program, rather than exclusively by the number of treated homes.

ESAP is an energy efficiency resource program, expected to garner significant energy savings in our state while providing lower bills and an improved quality of life for California's low-income population.¹ Because the benefits delivered by ESAP (energy and bill savings, as well as health,

¹ See D.07-12-051, p. 2; D.08-11-031, p. 2.

Energy Savings Assistance Program (ESAP)

Changes to the Proposed Decision in A.11-05-017 et al. Recommended By The Utility Reform Network (TURN)

comfort, and safety benefits) depend on the particular mix of measures installed and the energy use characteristics of a particular home or building, the enrollment metric alone is inadequate to judge the success of the program at delivering the intended benefits.

B. POLICY DIRECTION THAT THE FINAL DECISION SHOULD PROVIDE FOR RESOLVING ISSUES THAT REQUIRE MORE PROCESS

- Direct that alternative metrics of program success will be developed through a stakeholder process and in consideration of the energy efficiency potential in California’s low-income sector;
- Set clear guidance for cost-effectiveness reform to be applied to the redesign of the current portfolios;
- Direct that “whole house” savings strategies and best practices of Energy Upgrade California should be incorporated into ESAP when feasible;
- Immediately lift the *legal* prohibition on funding water heaters and furnaces in tenant-occupied dwelling units in any way through ESAP, as this prohibition is based on a legally erroneous interpretation of California Public Utilities Code Section 1941.1; and
- Commit to expeditiously resolving the *policy* matter of whether and how to fund water heaters and furnaces through ESAP in tenant-occupied dwelling units through a near-term stakeholder process, which will also address related policy questions, such as the extent to which landlords should be required to contribute funding towards these measures (if they are to be funded in any way through ESAP), appropriate standards related to tenant benefits, energy savings, and installation practices, and the existing utility practice of installing standard efficiency water heaters and furnaces in owner-occupied homes (rather than high efficiency appliances).

ATTACHMENT 2

Subject: ESAP -- handout from yesterday's meeting
From: Hayley Goodson <hayley@turn.org>
Date: 7/3/2012 12:25 PM
To: "Momoh, Rahmon O." <rahmon.momoh@cpuc.ca.gov>

Hi, Rahmon.

Per your request, I'm attaching the handout I provided you at our meeting yesterday.

Hayley

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— Attachments: —

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