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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address
Utility Cost and Revenue Issues Associated
with Greenhouse Gas Emissions.

Rulemaking 11-03-012
(Filed March 24, 2011)

**REPLY OF THE CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL
TO PREHEARING CONFERENCE STATEMENTS**

May 5, 2011

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I. Introduction

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits this reply to pre-hearing conference (PHC) statements submitted April 21, 2011 by parties in this proceeding in response to and in accordance with the Order Instituting Rulemaking (OIR) in this proceeding, issued on March 30, 2011. This reply is submitted in accordance with Rules 1.9 and 1.10 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure. The Efficiency Council intends to be an active party in this proceeding.

The Efficiency Council is a statewide trade association representing businesses that provide energy efficiency services and products in California.¹ The Efficiency Council's membership currently consists of over 50 non-utility companies that include energy service companies, engineering and architecture firms, contractors, implementation and evaluation experts, financing experts, unions, workforce training entities, and manufacturers of energy efficiency products and equipment. The member companies of the Efficiency Council employ over 4,000 Californians (over 50,000 nationally) and have over 135 different offices in cities across the state. The mission of the Efficiency Council 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

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.energycouncil.org.

improvement. The Efficiency Council's members represent 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.

The Efficiency Council commends the CPUC for opening this proceeding for early consideration of the "direction the Commission should give to the electric utilities about the uses of revenues they may receive to the extent there is auctioning of their GHG [greenhouse gas] emissions allowances" (OIR, p. 17) by under a cap-and-trade program proposed to be implemented by the California Air Resources Board (CARB) under AB 32. The Efficiency Council supports the adoption of a proposed cap-and-trade program for the purpose of putting a price on GHG emissions in California. For decades, California has been at the forefront of creating effective environmental and clean energy policies. As a result, these policies are stimulating innovation and efficiency, positioning the state as a leader in this thriving global marketplace, and creating new businesses and jobs. We see the proposed cap-and-trade program as another positive step in California's leadership, by demonstrating how to develop an energy infrastructure in a carbon-constrained world. We believe the program, effectively designed, will also support a stable energy and business environment that will result in our member companies being able to grow and employ more Californians.

II. Reply to Prehearing Conference Statements

In discussing the California Air Resources Board's (CARB) suggestion that particular attention for the use of revenues under a cap-and-trade program, the California Large Energy Consumers Association (CLECA) contests that energy efficiency does not provide "ratepayer benefit," and states, "California electric rates are among the very highest in the nation. California ratepayers currently pay several billion dollars each year for energy efficiency programs and renewables subsidies." (CLECA, p. 3) On the contrary, California's goal of all pursuing all cost-effective energy efficiency as the state's top priority energy resource is by definition cost-effective, e.g., benefits exceed costs, for customers. There is an important distinction between the energy rates and bills that customers pay; cost-effective energy efficiency investments will lower energy bills, thus improving customers' bottom line and leaving more money to be spent on other purposes.

Thus, the use of allowance value for further investments in energy efficiency is appropriately within the scope of this proceeding. The Efficiency Council strongly supports the intent of CARB, as expressed in the resolution adopted December 16, 2010, and the CPUC, as expressed in previous decisions, that energy efficiency is an important use of any revenues generated from auctioning of GHG emissions allowances and directed to the utilities. We support the CPUC's direction that auction revenues should "be used to finance investments in energy efficiency and renewable energy or for bill relief, especially for low income customers." (D.08-10-037, OP 15) However, CARB and/or the CPUC must establish strong oversight to ensure that allowance value is only spent on these purposes of appropriate consumer rate relief and GHG emission-reducing measures. Investments in GHG emission mitigation, including cost-effective energy efficiency, must be an important part of any cap-and-trade program, in concert with other existing and expanded policies to encourage further investments in energy efficiency and other clean energy policy solutions.

III. Conclusion

The Efficiency Council appreciates the opportunity to provide this reply to prehearing conference statements and looks forward to being an active party in this proceeding and working with the Commission and other parties to ensure that revenues from auctioning of GHG emission allowances are used appropriately.

Dated: May 5, 2011

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that I have, on this day, served a complete copy of the **“Reply of the California Energy Efficiency Industry Council to Prehearing Conference Statements”** on all known parties to R.11-03-012 by transmitting an e-mail message with the document attached to each person named in the official service list. In addition, electronic and hard copies of comments have been sent to the Assigned Commissioner and ALJ in this proceeding.

Executed on May 5, 2011 in Oakland, California.



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