FILED
08-13-12
04:59 PM

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Energy Efficiency Programs and Budget. (U39M).	Application 12-07-001 (Filed July 2, 2012)
Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.	Application 12-07-002 (Filed July 2, 2012)
Application of Southern California Gas Company (U904G) for Approval of Natural Gas energy Efficiency Programs and Budgets for Years 2009 through 2011.	Application 12-07-003 (Filed July 2, 2012)
Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014.	Application 12-07-004 (Filed July 2, 2012)

WOMEN'S ENERGY MATTERS
REPLY RE IOU EE APPLICATIONS AND MEA AND REN MOTIONS

August 13, 2012

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WOMEN'S ENERGY MATTERS
REPLY RE IOU EE APPLICATIONS AND MEA AND REN MOTIONS

Women's Energy Matters (WEM) appreciates this opportunity to reply, pursuant to the ALJ Ruling of July 13, 2012, to protests and responses to the investor-owned-utilities energy efficiency (EE) applications and the Marin Energy Authority Community Choice Aggregation (MEA - CCA) and Regional Energy Network (REN) motions.

NRDC handwringing seeks to divert attention from the problems in IOU programs

NRDC's expressed concern that utilities portfolios "represent a decrease in both annual savings and investments when California needs to be substantially ramping up efficiency efforts instead." It acknowledges that this is because "the potential study significantly underestimates the available energy efficiency in a variety of ways." NRDC, p. 2. It predicts dire consequences: "Continuing to under value - and therefore under invest – in energy efficiency will directly result in procuring dirtier, more costly resources." Ibid, p. 3.

WEM agrees that EE is undervalued. However, we believe that much of the ratepayers "investments" are poorly spent or wasted by IOUs. We attribute this problem to the decades-long control of EE by utility administrators — which NRDC continues to support. For example, NRDC fails to discuss the IOUs' under-emphasis on residential programs, in favor of large commercial/industrial. Entities such as oil and gas drillers and refiners could easily fund their own EE, as they can see their return on investment. Thus, WEM believes these are largely "free riders."

Perhaps it was inevitable that NRDC would support utilities, given that their co-founder became the CEO of Southern California Edison. However, as supposed champions of energy efficiency and "natural resources," one would think that NRDC and its founder would have been the first to notice that energy efficiency and procurement have been in separate silos for many years; utilities fail to target EE to "defer or displace" any particular resource.

Thus, the utilities have continued to procure dirty, costlier resources, largely without regard to the amount of EE in the system. Not only do they fail to target EE where there is a need for new resources, they also refuse to provide the kind of data that would enable utility procurement planners and the ISO to determine whether EE is meeting any particular need.

Instead, the utilities provide just the grand total of their EE resources, across their entire territories.

Evidentiary Hearings in the Long-Term Procurement Plans proceeding (R1203014) are currently in progress. ISO's witness Neal Millar testified:

> A We have very limited information
> about distribution systems.
> Q But on the transmission systems you
> have quite a lot of information?
> A Yes. …
> A Most of the loads in the state…
> are served through the
> distribution system. So therefore any
> efficiency programs applied to those loads
> are also through the distribution entity.
> Q Would ISO find it difficult to
> serve in its capacity to manage the system if
> it had no visibility of what's on the
> transmission system?
> A Now that one is a yes. 8-9-12 EH Transcript, vol. 3, pp. 532-33 (R1203014).

SCE's witness, Colin Cushnie stated:

> [A]ll of our local
> area procurement to date has been for our
> resource adequacy requirements which are
> year-ahead and month-ahead requirement. No,
> we have not done any energy efficiency
> procurement for that, because it doesn't
> count as part of the Cal ISO's NQC
> determination.
> Q So have you used energy efficiency
> funding to reduce the needs for power in the
> emergency with SONGS out of service?
> A I am not aware of any incremental
> energy efficiency programs that the company
> has undertaken as a result of San Onofre
> being out of service. 8-10-12 EH Transcript, Vol. 4, pp. 673-674.

"NQC" is "net qualifying capacity." Utilities, CAISO and NRDC have all failed to challenge the exclusion of EE from NQC. *Thus, EE has been disqualified from competing against supply side resources in procurement — and is therefore unable to defer or displace any particular dirty, costly resource.* All this despite the lip service paid to EE as "number one in the loading order of resources" in the Energy Action Plan.

CAISO and SCE witnesses testified that they are just beginning to consider criteria that might qualify preferred resources for use in procurement. This makes it likely that California will continue to ignore EE as a procurement resource for quite a while longer.

By contrast, since 2009, the ISO-New England has provided opportunities for demand resources to bid as capacity in procurement solicitations, if they meet the standards laid out in the ISO-New England *Manual for Measurement and Verification of Demand Reduction Value from Demand Resources*. For five years, in all EE proceedings as well as procurement, WEM has recommended that the Commission adapt this manual for use in California, unless and until we come up with our standards.

WEM would welcome endorsement of our proposal by NRDC and utilities —but it hasn't happened yet. Instead, NRDC's discussion of changes needed in EM&V support *utilities'* proposed changes. NRDC, p. 11. As usual, IOUs are pushing to weaken the EM&V standards and place utilities back in the drivers seat to review their own EE — and demand "shareholders incentives" for those self-reported numbers. That's the way it was in the good old days before D0501055 finally acknowledged the obvious conflict of interest in that process.

NRDC claims that EE programs result in "significant bill savings." NRDC, p. 4. However, for most customers (who receive little or no EE funds to help them to save energy), EE actually results in bill increases (as TURN has discussed in earlier EE proceedings). This is because the utilities continue to procure resources that are utilized only at peak times. This results in extraordinarily high costs for this power. If EE had been able to show that it was capable of reducing the need for power in the areas where power plants were needed, the dirty, costly resources could have been eliminated. But instead, customers are forced to pay for more fossil-fueled resources AND EE programs — paying twice for the same service.

WEM has demonstrated that investor-owned-utilities have long resisted the use of EE in procurement. Their programs are grossly overpriced (as WEM demonstrated, Texas is getting 4.5 x as much savings per dollar). IOUs have misused ratepayer EE funds, rewarded their pals and curried favor with politicians. The increased attention to lobbying for Codes & Standards invites more of the same.

TURN pinpoints IOUs failures to comply with Commission directives

TURN analyzes major failings of IOU portfolios to comply with Commission directives and the Strategic Plan:

> (1) Portfolio alignment with California's energy policies and greenhouse gas mitigation strategies, which require the use of cost-effective EE as the first loading order resource, long-lasting electricity and natural savings EE savings, and EE that functions to offset electricity and natural gas consumption;[8]
> (2) Compliance with the directives of D.12-05-015 regarding energy savings and other cost-effectiveness data inputs;
> (3) Compliance with directives of D.12-05-015 regarding deep residential retrofits and strategic peak HVAC savings.

The continued lack of attention to peak HVAC savings, in particular, ensures that California will continue to drive up the peak and procure more fossil fueled power, since 30% of peak load is air conditioning.

TURN noted that cost-effectiveness is getting worse and worse, "For the same money [as current programs], they propose to deliver in 2013-2014 on average 8% lower GWh savings, 22% lower MW savings, and 19% lower Therms savings than forecasted for 2010-2012…" TURN, p. 6.

Like WEM, TURN expressed concerns about the unspent funds in current IOU budgets:

> First, the utilities' all have significant unspent budgets in their current portfolios, amounts disproportionate with the time remaining in the program cycle. As of June 30, 2012, PG&E had 25% left of its budget, SDG&E had 36%, SoCalGas had 51%, and SCE had 40%.[17]

Utilities should receive no additional funds for 2013 programs. The Commission should require utilities to provide interest to ratepayers on the funds that have been sitting in their coffers over the last three-year cycle (and the one before that) — at the same rate as IOU ROI and/or shareholders incentives.

TURN comments on the compressed schedule, and proposes a workshop process that produces more substantive results. TURN, p. 27. This would make better use of parties' time.

NRDC wants utilities to control CCA and REN programs

It might be expected that a cheerleader for the utilities would have problems with CCA and REN proposals. NRDC urges the Commission to force them to be subservient to utilities, "and ensure that the utilities can depend on the energy savings as a resource." NRDC, p. 15.

As the IOUs' longtime ally in these proceedings, NRDC might have some awareness that far from depending on EE as a resource, utilities reject it out of hand, as WEM has demonstrated in the section above. Perhaps NRDC has a different definition of "resource" and uses it here in the sense that EE is a dependable source of funding for "shareholders incentives."

Of course utilities want to keep control of all EE programs. Like medieval lords, they can play games in their castles while the serfs do the work — and at the end of the year, the lords and their cousins and cronies get the lion's share of the harvest.

Conclusion

WEM recommends that the bridge years be shortened to one year, and that we use that year to develop an effective, independent, non-utility EE system. In this era of global warming, with illnesses and destruction of ecosystems caused by pollution from power plants and from extraction of fossil fuels to run them (e.g. "fracking") WEM advises CPUC to quit throwing more money at utility EE programs that stand in the way of what is needed. It is high time to provide a fair, transparent opportunity for "any party" to apply to administer EE — as provided in AB117.

Dated: August 13, 2012

Respectfully Submitted,

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