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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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, 2009)

ADMINISTRATIVE LAW JUDGE'S RULING SEEKING INFORMATION REGARDING GAS ENERGY EFFICIENCY PROGRAMS

I. Introduction

Senate Bill (SB) 87 which, among other things, authorizes the transfer of "up to \$155,000,000 from the Gas Consumption Surcharge Fund" (Fund) to the state's General Fund, was chaptered on June 30, 2011. On July 7, 2011 the Assigned Commissioner's Ruling and Scoping Memo Regarding Public Purpose Programs Funds (ACR) issued in this proceeding. Among other things, the July 7, 2011 ACR proposed a method whereby the reductions in Public Purpose Program (PPP) funding authorized by SB 87 would be implemented, and addressed a motion to shift uncommitted energy funds that was filed jointly by the Pacific Gas and Electric Company (PG&E), the San Diego Gas & Electric Company (SDG&E), and the Southern California Gas Company (SoCalGas) (collectively, the IOUs) on July 1, 2011 in Application 08-07-021 et al. (the Joint Motion).

The purpose of the present ruling is threefold. First, the ruling seeks information and clarifications that will address concerns voiced by parties about

differences in the numbers discussed in comments on the ACR. To that end, this ruling first seeks clarification of the IOUs' estimates of the funds available for programs. Second, this ruling seeks additional input about programs that may need to be cut if funds are reduced. Finally, this ruling asks the IOUs to disaggregate pre-2010 unspent, uncommitted, available funds by gas and electric industry.

II. Discussion

A. The Pre-2010 Evaluation Measurement & Verification (EM&V) Unspent, Uncommitted, Available Funds Identified in the Joint Motion

In Decision (D.) 09-09-047 the Commission allocated \$125 million for EM&V (affirmed in D.10-04-029), and specified the allocation of \$88 million from pre-2010 unspent EM&V funds to be used in 2010-12 towards EM&V expenditures. The allocation of an additional \$34.3 million of IOU funds from 2010-12 budget cycle was subsequently affirmed in D.10-04-029. However, the Joint Motion references \$17 million as pre-2010 EM&V unspent, uncommitted, available funds, and also references Ordering Paragraph 42 of D.09-09-047, which notes that \$88 million of previously unspent EM&V funds was available for EM&V. The IOUs do not provide sufficient detail showing how they conclude that there is \$17 million in pre-2010 unspent, uncommitted, available funds. While the IOUs may consider the \$17 million as part of the \$88 million, this needs clarification. Specifically, the IOUs must state the exact amount of the pre-2010 EM&V unspent, uncommitted funds the IOUs believe is available for redirection.

The availability of "committed" (rather than "uncommitted") funds also requires clarification. In D.10-04-029 the Commission required the IOUs to submit a report showing the amount of unspent funds as of the effective date of

D.09-09-047. The distinction between “committed” and “uncommitted” funds came into question as a result of this report. Subsequent to the report, the Commission’s Energy Division (ED) and the IOUs worked collaboratively to develop a joint EM&V plan.¹ The joint EM&V plan details how the \$125 million is to be spent on EM&V studies. According to the joint EM&V plan, no portion of the \$125 million is “uncommitted” and available to support Gas PPP programs; all the funds are already committed to EM&V studies. The IOUs shall clarify how they conclude that \$17 million of these funds are uncommitted.²

B. Total Resource Costs (TRCs) for the Proposed Programs

Another purpose of the ACR was to establish program priorities in light of SB 87. The ACR recognized that programs will likely need to be cut if the authorized transfer occurs. In response, the ACR proposed that SDG&E and PG&E fully fund their American Recovery and Reinvestment Act programs. Specifically, the ACR (Section 3) proposed that the Energy Upgrade California programs be fully funded, and any remaining funds may flow to the gas PPP programs according to their TRC ranking.³ While PG&E submitted program reduction proposals with TRCs, SDG&E and SoCalGas did not. SDG&E and SoCalGas are again directed to submit TRC rankings for the program reduction

¹ See Attachment A (at A-1 to A-45) at <http://www.energydataweb.com/cpuc/home.aspx#>.

² ED notes that with reduced gas funding, if unreplaced, EM&V like all other programs could suffer a loss of gas funding for fiscal year 2011-12. ED estimates as a worst case this could reduce the \$125 million three-year EM&V budget by \$7.4 million.

³ Other approaches are also being considered.

proposals. As part of this submission, the IOUs shall make clear which programs would be reduced and which programs would be completely cut, indicate the TRCs for these reduced or eliminated programs, and justify retaining any programs with low TRCs.

C. Disaggregate Pre-2010 Unspent, Uncommitted, Available funds by Gas and Electric

The ACR used available fund data obtained from the utilities in May 2011, and updated in June 2011; this information had disaggregated gas and electric values. Table 1 in the Joint Motion (labeled “Pre-2010 Unspent, Uncommitted, Available Funds”), combines gas and electric funds for some of the IOUs.⁴ However, as reflected in the ACR, the July 21, 2011 comments on the ACR, and the July 28, 2011 reply comments, there is substantial disagreement about whether IOUs can combine gas and electric funds, or use electric funds for gas EE programs. The pre-2010 unspent, uncommitted, available funds must be disaggregated by gas and electric industry. The IOUs shall update Table 1 so that pre-2010 unspent, uncommitted, available funds are disaggregated by gas and electric industry.

D. Computational Discrepancies

Table 1 below consolidates the budget data from the ACR for the individual IOUs and compares the data to the budget data submitted in the “Computational Errors” section of the July 21, 2011 joint comments of the IOUs. The “IOU - ACR” columns reflect the data in the ACR that the IOUs reported to

⁴ It appear that the IOUs also updated their estimates of unspent pre-2010 funds and/or estimated 2010-12 program expenditures subsequent to the June 2011 data response to ED.

ED in May and June of 2011 in response to emails and data requests. The “IOU-Comments” columns reflect the data presented in the “Computational Errors” section of the Joint IOUs comments. Though only one month passed between development of these numbers, in some instances the difference between the numbers is quite significant.⁵ The IOUs shall explain the difference between the earlier (May and June) data and the later (July 2011) data, and provide a corrected table.

TABLE 1: Comparison of Numbers in ACR and IOU Comments

	PG&E - ACR	PG&E - Comments	SDG&E - ACR	SDG&E - Comments	SCG - ACR	SCG - Comments
Unspent pre-2010 gas funds available	\$7.2	\$5.4	\$7.6	\$7.8	\$25.6	\$18.8
Estimated June 30, 2011 underspent gas EE funds for 2010-12 portfolio	-\$1.2	-\$1.2	\$0.6	-\$1.1	\$47.3	\$51.9
Proposed allocation of total IOU \$21 million 2011-12 gas PPP funds remaining after \$155 mil “sweep”	\$21.6	\$21.6	\$0.0	\$0.0	\$0.0	\$0.0
Estimated total gas FY 2012 budget available under scenario accessing only pre-2010 and 2010-11 unspent gas funds	\$27.6	\$25.8	\$8.2	\$6.7	\$72.9	\$70.7
Original Commission authorized gas EE collections and budget for FY 2012	\$89.9	\$89.9	\$20.7	\$20.7	\$66.0	\$66.0

⁵ For example, SDG&E acknowledges that the updated numbers submitted in comments now put them 8% lower than their previously anticipated budget.

Percent of original FY 2012 budget this represents, by IOU	31%	29%	40%	32%	110%	107%
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IT IS RULED that:

1. The Pacific Gas and Electric Company, the San Diego Gas & Electric Company, and the Southern California Gas Company (the IOUs) shall serve and file a joint response to this ruling that shall:

- State the exact amount of the pre-2010 Evaluation Measurement & Verification (EM&V) unspent, uncommitted funds and provide notations that are sufficient to allow replication of how they calculated this amount.
- Clarify if and how they conclude that any portion of the \$125 million in EM&V funds is uncommitted.
- Explain why the data the IOUs reported in May and June of 2011 differ substantially from those reported in July of 2011 and, if necessary, provide a table with corrected data.
- Submit Total Resource Cost (TRC) rankings for the program proposals if not already done.
- Clarify which programs would be reduced and which programs would be completely cut (with justifications where programs with low TRCs are kept), if the plan set forth in the July 7, 2011 Assigned Commissioner's Ruling is adopted.
- Update Table 1 in the Joint Motion so that pre-2010 unspent, uncommitted, available funds are disaggregated by gas and electric industry.

2. The joint response shall be served and filed within one week of the mailing of this ruling.

Dated August 4, 2011, at San Francisco, California.

/s/ DARWIN E. FARRAR

Darwin E. Farrar
Administrative Law Judge