



**FILED**

12-28-11  
11:18 AM

**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  
REGARDING 2013-14 ENERGY EFFICIENCY GOALS**

**1. Introduction**

This ruling requests comments on the Energy Division's proposal for 2013-2014 energy savings goals for the investor-owned utilities (IOUs), and on updates and clarifications to the Commission's fund-shifting rules and reporting requirements pursuant to Decision (D.) 09-09-047. In this context, "energy savings goals" refers to the amount of electricity and gas – in kilowatt hours, therms and megawatts – the large IOUs' 2013-2014 energy efficiency portfolios must save. The Commission will later evaluate whether the IOUs have met these goals, and use the actual savings derived from that evaluation to determine IOUs' goals in future portfolios.

**2. Background**

Pursuant to the October 25, 2011, Assigned Commissioner's Ruling and Phase IV Scoping Memo (ACR), this ruling requests comment on the Energy Division's (Staff) proposal for energy efficiency (EE) goals for the 2013-14

transition portfolio. Staff considered comments and replies filed in response to the ACR regarding factors to consider for 2013-14 EE goals and is conducting the goals update pursuant to D.08-07-047.<sup>1</sup> The 2011 potential study developed to support the goals update was issued by the Administrative Law Judge (ALJ) on November 17, 2011.

### **3. Staff Proposal for 2013-14 EE Goals**

#### **3.1 Staff Proposal**

The Staff proposal and supporting documents (attached to this ruling as Appendices A-D), recommend that 2013-14 EE goals be established as follows:

- A. Use the 2011 potential study and codes and standards advocacy savings estimates as the basis for goals.
- B. Have separate targets for codes and standards advocacy, IOU programs with existing technologies, and emerging technologies programs.
- C. Apply goals on a gross basis in accordance with current policy.
- D. Have annual and cumulative goals, with cumulative goals including recovery of savings lost from the decay of past EE activities, but not recovery of unmet goals prior to 2010.

The current goals, based on the 2003 potential study and adopted by the Commission in September 2004, are in need of an update.<sup>2</sup> The 2011 potential study indicates that as codes and standards take effect, the market potential for utility programs will decrease over time. Current policy encourages the IOUs to pursue codes and standards advocacy by allowing the IOUs to credit 100% of the

---

<sup>1</sup> In particular, see Ordering Paragraphs 5 and 7.

<sup>2</sup> See D.04-09-060.

savings attributable to those activities toward achievement of their goals. Staff's proposal maintains this policy, updates and makes explicit the composition of goals, and defines the goals as 100% of market potential plus codes and standards advocacy savings estimates.

Staff's goals analysis finds that by 2013, codes and standards advocacy will account for over 60% of the total goals for electricity and over 40% for natural gas due to the effectiveness of advocacy activities in previous cycles and the trend toward code adoption of utility program measures. The 2011 potential study predicts that the potential from emerging technologies, though initially small, is expected to grow and replenish market potential from measures brought into codes. Staff proposes that the IOUs be required to achieve separate targets for utility programs with existing technologies, emerging technology programs, and codes and standards advocacy. Staff makes this proposal in order to maintain focus on the "pipeline" for new sources of potential while supporting future codes and standards updates with economically viable measures brought to scale through utility programs.

Consistent with D.08-07-047, the Commission administers goals on a gross basis. Gross goals are based on the total energy savings measured through utility program activity. Net goals subtract estimates of free-ridership from the gross goals. Staff proposes to continue this policy because the gross goals approach provides a more expansive view of energy savings opportunities encompassing broad and long-term market transformation initiatives, as set forth in the Strategic Plan. Staff also proposes to not change current policy to administer portfolio cost-effectiveness on a net basis.

Commission policy, since D.04-09-060, requires the IOUs to meet both annual and cumulative savings goals. The purpose of cumulative goals is to encourage IOUs to invest in EE measures that produce persistent savings. Cumulative goals also serve planning purposes, such as to inform the Commission's Long-term Procurement Plan proceeding and the California Air Resources Board's assumptions about green-house gas emissions reductions from energy efficiency in its Assembly Bill 32 Scoping Plan. While maintaining the concept of cumulative goals, Staff proposes to adjust cumulative goals based on realistic expectations of achievable market potential.

Tables 1 and 2 present Staff's proposals for both electricity savings and natural gas savings. Compared to current goals (which only extend through 2013 and do not include 2014), the proposal would *increase* total goals statewide by 65% for electricity savings and *decrease* 18% for natural gas savings, when codes and standards advocacy savings are included. However, when excluding codes and standards advocacy savings, the goals components associated with utility programs would *decrease* relative to current goals statewide by 42% for electricity savings and by 49% for natural gas savings.

**Table 1. Comparison of 2013 proposed electricity goals to current goals, gigawatt hour per year (GWh/yr.)**

	PG&E	SCE	SDG&E	Total
Current IOU-specific goals per D.04-09-060	1277	1139	214	2630
<b>Staff-proposed goals</b>				
Utility programs - Existing technologies	689	633	156	1,478
Utility programs - Emerging technologies	25	21	7	53
Codes and standards advocacy	1,245	1,285	291	2,721
<b>Total Proposed Goals</b>	<b>1,959</b>	<b>1,939</b>	<b>454</b>	<b>4,352</b>
% change in goals from current to proposed (IOU programs only)	-44%	-43%	-24%	-42%
% change in goals from current to proposed (Total goals)	53%	70%	112%	65%

**Table 2. Comparison of 2013 proposed natural gas goals to current goals**

	PG&E	SoCalGas	SDG&E	Total
Current IOU-specific goals per D.04-09-060	25	32	4	61
<b>Energy Division-proposed goals</b>				
Utility programs - Existing technologies	11.7	17.5	1.8	30.9
Utility programs - Emerging technologies	0.0	0	0.0	0.0
Codes & standards advocacy	7.1	11.3	0.8	19.2
<b>Total Proposed Goals</b>	<b>18.7</b>	<b>28.8</b>	<b>2.6</b>	<b>50.1</b>
% change in goals from current to proposed (IOU programs only)	-53%	-45%	-55%	-49%
% change in goals from current to proposed (Total goals)	-25%	-10%	-35%	-18%

### 3.2 Questions for Comment

This ruling directs parties to respond to the following questions in their comments:<sup>3</sup>

- A. In general, is Staff's proposal reasonable, feasible, and appropriate with regard to establishing 2013-14 EE goals?
- B. Are Staff's proposed guiding principles for the 2013-14 EE goals proposal reasonable? Why or why not?
- C. Is each of the following components of the Staff proposal reasonable? Please explain why or why not for each situation:
  - 1) Use of the 2011 potential study and codes and standards advocacy savings estimates as the basis for goals;
  - 2) Separate targets for codes and standards advocacy, IOU programs with existing technologies, and emerging technologies programs;

---

<sup>3</sup> Parties that do not have a response to a question should identify the question and state "no comment."

- 3) Goals applied on a gross basis per current policy; and
  - 4) Annual and cumulative goals, with cumulative goals including recovery of savings lost from decay of past EE activities, but not recovery of unmet goals prior to 2010.
- D. Is Staff's proposal to set annual goals based on 100% of market potential reasonable? If you disagree with the staff proposal, indicate why not, and what is a reasonable and appropriate percentage for electricity (GWh), peak (MW), and natural gas (MMTh) savings potential from utility programs in the EE goals? Staff proposes to establish separate targets for savings from codes and standards advocacy and IOU programs. If you do not agree with this proposal, what do you suggest the Commission do regarding assumptions about achievable market potential? If you do not agree that the Commission should provide any such protection, please explain.
- E. Are the specific numerical values in Table 4 (Staff-proposed draft numerical goals) of Attachment A reasonable? If not, what values should be used instead?
- F. Is it feasible and appropriate for the IOUs to file (with their 2013-14 portfolio applications) calculated values for declining savings in their portfolios for purposes of calculating cumulative goals, as proposed by Staff?
- G. What comments, if any, do parties have in response to Navigant's Addendum to the 2011 Potential Study (Attachment B), in regards to (a) the inputs, (b) the codes and standards model documentation, and (c) the outputs?
- H. Does Staff's proposal appropriately interpret previous Commission decisions, in particular with regards to codes and standards advocacy? Do the expected codes and standards advocacy savings modeled in Navigant's addendum (Attachment B) depart from current policy or from extant interpretation of current policy?
- I. Attachment B assumes an initial code compliance rate of 85% for Title 20 appliance standards and 83% for Title 24 building codes. Is this reasonable? If not, what alternative values would parties' propose?

**IT IS RULED** that:

1. Parties may file and serve comments on the Energy Division proposal, questions for comment, and documents made available by this ruling within 15 days from date of issuance. Parties may file and serve reply comments no later than 7 days from the due date for comments.

2. Parties' comments and reply comments in response to the November 17, 2011 Administrative Law Judge ruling, regarding the draft update to the Database of Energy Efficiency Resources and the draft potential study, are due on the same dates as comments and replies to this ruling, as set forth in the paragraph above.

3. All comments and reply comments made pursuant to this ruling shall be served on the service list in this proceeding pursuant to California Public Utilities Commission Rules 1.9 and 1.10.

Dated December 28, 2011, at San Francisco, California.

/s/ DARWIN E. FARRAR

Darwin E. Farrar  
Administrative Law Judge