

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration, and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ASSIGNED COMMISSIONER'S RULING SOLICITING POST-WORKSHOP
COMMENTS ON ENERGY EFFICIENCY POTENTIAL WORKSHOP AND
SCHEDULING AND SOLICITING PRE-WORKSHOP COMMENTS FOR THE
WORKSHOP ON CONSUMER NEEDS**

The Commission is conducting a series of energy efficiency workshops in collaboration with the California Energy Commission and California Power Authority in furtherance of the Energy Action Plan¹ to learn from utilities, program providers, consumers, manufacturers, consultants, government agencies and community organizations how the Commission may make the most of the state's energy efficiency resources in the coming years.

This Assigned Commissioner's Ruling ("ACR") summarizes the Commission's first and very successful energy efficiency workshop in this phase of this proceeding and solicits post-workshop comments from the parties in order to determine next steps for the Commission to take in determining how to best achieve statewide energy efficiency potential. At the same time, this ACR schedules the second workshop in this proceeding.

¹ The final Energy Action Plan and associated documents can be found at www.cpuc.ca.gov/static/industry/electric/energy+action+plan/index.htm.

As discussed in the September 24, 2003 ACR, the purpose of the second workshop on “Customer Needs” is to hear from residential, industrial, commercial and other customers such as retailers, manufacturers, and local governments who are interested in energy efficiency programs and energy efficient technologies and who may or may not have participated in existing state funded programs. (The findings of this workshop will inform future program design and criteria used for state funded programs, but will not influence the 2004-2005 program review and approval process.) This ACR solicits pre-workshop comments for the second workshop in order to select speakers and also to aid in structuring the agenda.

Summary of Workshop #1 Addressing Energy Efficiency Potential

The Commission held a workshop on October 8, 2003 to explore the potential for energy efficiency in California using the Hewlett Foundation Energy Series report, “California’s Secret Energy Surplus,” as the basis for discussion. The report provided a useful and insightful foundation for the workshop and motivated presentations and comments from parties representing all interests, including program providers, equipment contractors, government agencies, consumers and consultants.

The success of the workshop derives in large part from the willingness of these various interests to share their ideas and concerns in an open forum. The workshops are initial steps to creating an active dialogue between diverse members of the energy efficiency community. Such open communication will facilitate information sharing, disclose common interests, identify barriers to savings potential and increase the policy options available to the state’s energy efficiency decision-makers.

Based on the discussion and presentations at the workshop, I draw the following general conclusions about the potential for energy efficiency in California:

- The state is not currently maximizing its energy savings potential;
- The Xenergy report on energy savings potential and the technologies and measures identified at the workshop can provide a useful foundation for the Commission to use in estimating the range of savings potential that could be achieved in the next few years;
- Maximizing energy efficiency savings in California will require improved coordination between government, non-profit organizations and private-sector entities, an emphasis on a systems approach to program implementation and a commitment to permanent market and behavioral changes;
- In addition to encouraging customers to install existing efficiency technologies, the state will need to promote more innovation in emerging energy efficiency technologies and in energy efficiency programs that will be included in California's energy efficiency programs;
- Some of the Commission's existing policies should be modified to maximize opportunities to promote energy savings;
- Information about markets, products and programs needs to be more accessible to all involved in energy efficiency efforts;
- Program design needs to recognize customer preferences and the most effective ways to motivate customers to participate in programs; and

- The Commission must evaluate program success and use evaluations as the foundation for subsequent funding cycles and program implementation.

These observations of the parties will guide my thinking in subsequent policy discussions and Commission decisions. They are useful in honing the inquiry and form the basis for the next round of questions below.

Questions for Follow-Up to Workshop #1

The following questions seek to build on the information and insight provided by the workshop. I ask that responses emphasize practical ways the Commission may take advantage of an opportunity or resolve a problem. For example, the Commission may need to modify its Energy Efficiency Policy Manual, cost-effectiveness methodologies, or incentives. It may need to commit to a forum for coordinating program design or to publishing evaluation results. Responses should be as specific as possible so that the Commission may move quickly to adjust policy and program rules.

1. How can the Commission encourage innovation and emerging technologies while assuring the state is using its limited resources wisely to fund proven efficiency technologies and programs? Should emerging technologies program proposals be judged differently from other program proposals? Should the Commission set aside funding levels for emerging technologies? Should programs using emerging technologies be on a different schedule than other programs? How should emerging technologies be better integrated into “mainstream” programs and services?
2. In order to meet the minimum statewide goal of 1% reduction of energy use per capita as stated in the Energy Action Plan, what should the statewide target be for energy efficiency savings in terms of overall kWhs, MWs of peak demand, and therms of natural gas? What additional information should the

Commission consider in funding programs that will most effectively reach these savings goals?

3. How, if at all, should the Commission's use of cost-effectiveness criteria and results be modified to promote more energy efficiency and the best program design, technology options, and overall program mix; such as consideration of peak and off-peak load reductions, natural gas versus electric measures, new construction versus retrofits, and customer classes and types?
4. Should the Commission modify its Policy Manual position with regard to "fuel switching" programs or activities?
5. How can state-funded programs motivate manufacturers to improve the design of products in ways that promote energy savings?
6. How, if at all, is existing rate design impeding the deployment of cost-effective energy efficiency measures? If so, how should the Commission overcome those impediments?
7. How, if at all, should the CEC and the Commission coordinate efforts to develop new technologies using Public Interest Energy Research (PIER) funding and then spur their deployment via public goods charge funding?
8. What formal and informal procedures and processes should the Commission, the CEC, the CPA and other state agencies put into place to improve coordination of efficiency measures and program delivery?
9. How should California energy efficiency programs better complement or improve upon Title 24 energy efficiency building standards?

10. What should the Commission do to improve public input on and access to studies and reports that analyze and assess energy efficiency in the state? While some of these reports and studies are supported by PGC funds, such as state funded energy efficiency studies and individual energy efficiency program reports, there are also independent reports and studies being undertaken. What is the proper way to ensure complete and open sharing of this information to further increase the energy efficiency knowledge base?

I ask the parties to file their responses to any and all of these questions no later than January 7, 2004. After that time, I will consider whether the Commission has enough information on the record of this proceeding to consider changes to rules, policies or practices.

Agenda and Topics for Workshop #2 - Customer Needs

This ruling schedules a second workshop for December 15, 2003, at 10:00 a.m., and also solicits pre-workshop comments in order to select speakers and also to aid in structuring the agenda. This workshop has been scheduled for mid-December in order to allow for outreach to the various types of customers we desire to hear from. It is our intent to go beyond the service list in this proceeding, and as such, we agree with the parties who requested more time in order to prepare for this workshop.

The purpose of this workshop is to create a forum where various types of customers who may or may not invest in energy efficiency can openly discuss their specific customer needs with respect to energy efficiency, the barriers they see to successful program implementation, and the reasons for the lack of participation in energy efficiency programs. The ultimate goal is to better understand how the state and its program administrators should improve efforts to effectively reach customers who are likely to save energy, money and or

receive other benefit from participating in energy efficiency programs. We seek to reach out to these individuals, small businesses, local governments, community-based organizations, commercial businesses and industrial businesses to hear their perspective on how to best achieve this goal. These findings will impact how we make future policy decisions in this proceeding.

At the second workshop, I hope to hear from a wide variety of energy users, as well as those who bring energy-related products and services to the market, about how to tailor programs and services to increase energy efficiency adoption, as measured by program or market participation and investments. The workshop will consider how and whether regulatory, legal, institutional and marketing factors have prevented customers from investing in energy efficiency. The workshop will also explore how state agencies could facilitate increased private sector investment in energy efficiency. In that context, the workshop will address strategies that have successfully promoted long-term energy efficiency investments.

The format of the workshop will differ from the first in that we would like to create a more interactive and focused discussion of the issues, as well as hear from other parties not selected to be speakers. An agenda will be issued before the workshop. If you are unable to attend the workshop, we strongly encourage participation by way of written comments.

Questions For Workshop on Customer Needs

Parties may answer any or all of the following questions:

1. Are you aware of the variety of energy efficiency programs offered by the investor owned utilities or through the state? If so, have you participated in any of these programs? If not, what could be done to make it easier for you to become aware of state energy efficiency programs?

2. For those of you who have participated in an energy efficiency program, how would you describe your experience in the program? Did the program meet your expectations?
3. What investments have you, your constituency or your company made to make your facility or business more energy efficient and what factors drove or motivated these investments?
4. If you, your constituency or your company has not invested in cost effective energy saving measures, please describe why. Address regulatory, financial, legal, information, institutional and other possible barriers to energy efficiency investment.
5. Which information sources, technical services and/or financial incentives have been most successful in motivating investments in energy efficiency and why?
6. How can government-funded programs improve energy efficiency in schools, hospitals and government buildings?
7. How can we improve coordination between government, manufacturers, program providers, and customers to promote customer interest and investment in more energy efficient technologies or practices?
8. How can government-funded programs go beyond the efficiency levels required by current government standards to increase energy efficiency in new construction, while still meeting public needs and functional energy requirements?
9. What other questions, if any, should the Commission consider as part of the agenda for this Customer Needs workshop?

Parties may file pre-workshop statements that answer these questions no later than December 5, 2003. Statements should be no longer than 10 pages. Parties should serve their statements electronically on the proceeding service list.

Parties' comments will inform the workshop agenda. If you have any questions concerning the workshop, please contact Lainie Motamedi at lrm@cpuc.ca.gov.

IT IS RULED that:

1. The Commission will conduct a workshop as described herein at 455 Golden Gate Avenue, San Francisco, on December 15, 2003, at 10:00 a.m.
2. Responses to the questions for Workshop #1 must be filed with the Commission no later than January 7, 2004 and may be served on parties electronically.
3. Responses to the questions in preparation for Workshop #2 must be filed with the Commission no later than December 5, 2003 and may be served on parties electronically.

Dated October 30, 2003, at San Francisco, California.

/s/ BRIAN PRUSNECK for SPK

Susan P. Kennedy
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling Soliciting Post-Workshop Comments on Energy Efficiency Potential Workshop and Scheduling and Soliciting Pre-Workshop Comments for the Workshop on Consumer Needs on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated October 30, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.