



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking  
Concerning Energy Efficiency  
Rolling Portfolios, Policies,  
Programs, Evaluation, and  
Related Issues

RULEMAKING 13-11-005  
(Filed November 14, 2013)

**OPENING COMMENTS OF THE LOCAL GOVERNMENT SUSTAINABLE ENERGY  
COALITION ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING  
COMMENTS ON IMPLEMENTATION OF ASSEMBLY BILL 841**

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THE LOCAL GOVERNMENT  
SUSTAINABLE ENERGY COALITION

October 16, 2020

Pursuant to the October 7, 2020 Administrative Law Judge (ALJ) ruling, the Local Government Sustainable Energy Coalition (LGSEC) hereby offers these budget-related responses to questions 1, 5, and 8 posed by the California Public Utilities Commission (CPUC).

LGSEC represents 14 cities and 23 counties, jurisdictions that govern almost three-quarters of the state's population and close to two-thirds of California's electricity demands. What's more, LGSEC members serve as designers and lead implementors of a host of energy efficiency, demand response, building decarbonization, and other energy management programs, including those serving local educational agencies.

**Question 1:** Do parties agree that the amount to be transferred by the IOUs to the CEC, for the School Energy Efficiency Stimulus Program budget, is incremental to any amounts the CPUC will approve in response to their September 1, 2020 annual budget advice letters and will require an increase in IOU customer rates?

**Response 1:** LGSEC agrees that amounts to be transferred by the investor-owned utilities (IOUs) to the California Energy Commission (CEC) for the School Energy Efficiency Stimulus Program budget are incremental to any sums the CPUC approves in response to their September 1, 2020 annual budget advice letters and may require an increase in IOU collection rates. However, and importantly, the amounts are *not* incremental relative to the ceiling value as determined by the relevant CPUC decision and underlying legislation.

"Incremental" can only be determined in relationship to a specific baseline, or fixed scale. If the advice letters are considered the base case, by definition the amounts transferred to the CEC are incremental. However, this base case assumption is inconsistent with the legislation and should not be applied.

Section 1615(a)(1)(A) stipulates that the base case shall be the annual portfolio funding limitation. When using this base case, it is clear that the amount to be transferred is *not* incremental.

The legislative language is clear: the School Energy Efficiency Stimulus program is to be considered cost-effective. The CPUC is not at liberty to apply the duel cost test methodology to it.

Section 1617 of Assembly Bill (AB) 841 states,

*Expenditures on the School Energy Efficiency Stimulus Program shall be found to be cost effective and shall not be considered by the commission when calculating the overall cost-effectiveness of energy efficiency portfolios of electrical corporations or gas corporations.*

Section 1617 notes:

*...current cost-effectiveness methodology does not fully take into account indirect and nonmonetary public benefits, that methodology shall not be applied to these projects. The School Energy Efficiency Stimulus Program advances the public interest in maximizing cost-effective energy savings and related public benefits...*

As the program, by statute, is cost effective to ratepayers, and because the customer collection rates should not exceed the annual limit, issues associated with “incremental” rate

collections above those necessary to fund approved Annual Budget Advice Filings are not relevant.

**Question 5:** Explain how the School Energy Efficiency Stimulus Program budget should be reconciled against the energy efficiency portfolio budget in the event that their combined sum for a given program year exceeds the authorized amount in D.18-05-041. Should the CPUC consider authorized annual budget limits that include budgets for RENs and CCAs, or be limited to IOU budgets?

**Response 5:** Section 1615 (a)(1)(B) states that carryover amounts from unspent and uncommitted energy efficiency funds for program years 2020, 2021 or 2022 will be allocated to the following year's School Energy Efficiency Stimulus Program budget.

LGSEC recommends treating expected prior year carryovers as non-additive to current year allocations when comparing against the authorized amounts in D.18-05-041. Prior year carryover should be documented as a liability to the year disbursed. That liability should be reconciled to the applicable collection year. Unspent/committed dollars should be designated as restricted carryover amounts specific to the School Energy Efficiency Stimulus Program budget as directed by Section 1615 (a)(1)(B). Only the base allocation, as stipulated by Section 1615(a)(1), should be used to measure against total authorized values in D.18-05-041.

LGSEC recommends no budget caps across all existing program administrators, including Regional Energy Networks, Community Choice Aggregators, and IOUs, as carryover funds should be considered prior-year liabilities.

**Question 8:** What should be the Commission's oversight role in tracking the funding of the School Energy Efficiency Stimulus Program budget? What changes or updates does the Commission need to make to existing energy efficiency tracking and reporting infrastructure in

order to properly account for the transfer of money from the IOUs to the CEC for the School Energy Efficiency Stimulus Program?

**Response 8:** As previously discussed, Section 1617 stipulates that the School Energy Efficiency Stimulus Program is deemed to be cost effective. In addition, the funding will be administered by a separate State agency accountable to taxpayers, who can also be considered ratepayers. Given this reality, the CPUC should strive to simplify oversight roles, avoiding the creation of system inefficiencies that may degrade the program's efficacy of delivering services to schools. In this respect, LGSEC recommends that the CPUC focus on providing direct oversight to the utilities to ensure that funding is disbursed, reporting is streamlined, and utilities are compliant.

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Respectfully submitted,

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