



BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Application of Southern California
Edison Company (U338E) for Approval
for Its Building Electrification
Programs.

Application 21-12-009

**REPLY OF THE PUBLIC ADVOCATES OFFICE
TO RESPONSES TO THE MOTION TO CONSOLIDATE
SOUTHERN CALIFORNIA EDISON COMPANY'S
BUILDING ELECTRIFICATION AND ENERGY EFFICIENCY
APPLICATIONS**

I. INTRODUCTION

Pursuant to Rule 11.1(f) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure,¹ the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) files this reply to the responses of Southern California Edison Company (SCE), Environmental Defense Fund and Natural Resources Defense Council (EDF/NRDC),² Sierra Club, and San Diego Gas & Electric Company (SDG&E) on the *Motion of the Public Advocates Office to Consolidate the Application of Southern California Edison Company for Approval of its Building Electrification Programs and Application of Southern California Edison Company (U 338-E) For Approval of its 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan Application*, filed April 15, 2022 (Motion to Consolidate). Under Rule

¹ All further references to the Rules are to the Commission's Rules of Practice and Procedure unless otherwise indicated.

² EDF/NRDC filed a joint response to Cal Advocates' Motion to Consolidate.

11.1(f), Administrative Law Judge (ALJ) Scarlett Liang-Uejio, through electronic mail on May 4, 2022,³ and ALJ Valerie Kao through electronic mail on May 6, 2022,⁴ authorized Cal Advocates to file its reply by May 12, 2022. Responses to the Motion to Consolidate were also filed by California Large Energy Consumers Association (CLECA),⁵ and The Utility Reform Network (TURN).⁶

For the reasons explained below, Cal Advocates requests that the Commission disregard the misleading representations of SCE, EDF/NRDC, and Sierra Club, and ignore the unsupported statements in their responses as well as SDG&E's. The Commission should grant Cal Advocates' Motion to Consolidate. Cal Advocates reiterates that granting the Motion to Consolidate would save the Commission and the parties' time and create synergies between the building electrification programs under consideration in SCE's Building Electrification (BE) and Energy Efficiency (EE) Applications.

³ Pursuant to Rule 11.1(f), Cal Advocates sent an email to ALJ Liang-Uejio on May 3, 2022, copying the official service lists in A.21-12-009 and A.22-02-005 et al., requesting leave to file a reply to parties' responses to Cal Advocates Motion to Consolidate. Email from Martha Perez, Cal Advocates' Attorney, to Scarlett Liang-Uejio, Administrative Law Judge, (May 3, 2022). ALJ Liang-Uejio authorized its filing by email to Cal Advocates' Attorney on May 4, 2022.

⁴ Pursuant to Rule 11.1(f), Cal Advocates sent an email to ALJs Julie A. Fitch and Valerie Kao on May 5, 2022, copying the official service lists in A.21-12-009 and A.22-02-005 et al., requesting leave to file a reply to parties' responses to Cal Advocates Motion to Consolidate. Email from Martha Perez, Cal Advocates' Attorney, to Julie A. Fitch and Valerie Kao, Administrative Law Judges, (May 5, 2022). ALJ Kao authorized its filing by email to Cal Advocates' Attorney on May 6, 2022.

⁵ Although CLECA does not comment on Cal Advocates' Motion in its Response, CLECA states that it supports Cal Advocates' emphasis on the importance of a cost-effective framework or test to ensure SCE can demonstrate its building electrification (BE) program proposal is appropriate to fund with ratepayer dollars. See CLECA's response to Cal Advocates Motion, May 2, 2022, p. 2.

⁶ TURN filed a response in support of Cal Advocates' Motion and cites additional reasons why consolidation of SCE's BE Application and Energy Efficiency (EE) Application is appropriate.

II. DISCUSSION

A. Consolidation of SCE’s Building Electrification and Energy Efficiency Applications Would Not Be Prejudicial or Violate Due Process.

In its response, SCE states that “consolidation would thwart due process and administrative efficiencies.”⁷ In their responses, EDF/NRDC and Sierra Club raise similar due process arguments on claims that consolidation would place a heavy burden on parties and “prejudice interested parties” by preventing the opportunity for them to participate.⁸ These due process claims have no merit. Contrary to SCE, EDF/NRDC and Sierra Club’s claims, consolidation of the BE and EE Applications will not deprive interested parties and stakeholders of the opportunity to participate in any proceeding. Cal Advocates filed and served its Motion to Consolidate in both the BE Application and the EE Application. Therefore, the Commission would issue its ruling on Cal Advocates’ Motion in both proceedings. This ensures that interested parties and stakeholders have adequate notice and an opportunity to participate in the consolidated proceeding.

Sierra Club and SDG&E further argue that consolidation is inappropriate because it would add “complex and unique issues that are outside the scope”⁹ of the EE Application and the EE Application docket includes review of eight applications that are “large, numerous, and include cost-effectiveness calculations on various appliances.”¹⁰ What Sierra Club and SDG&E fail to acknowledge is that there is no Commission requirement for each party to address every issue within a proceeding. Parties can, and

⁷ SCE Response to the Motion of the Public Advocates Office to Consolidate its Building Electrification and Energy Efficiency Applications, May 2, 2022 (SCE Response), p. 10.

⁸ Response of Sierra Club Opposing Motion to Consolidate, May 2, 2022, p. 5; *see also* Response of Environmental Defense Fund and Natural Resources Defense Council Opposing Motion to Consolidate, May 2, 2022, (EDF/NRDC Club Response), p. 3.

⁹ Response of San Diego Gas & Electric Company to Motion of the Public Advocates Office to Consolidate the Application of [SCE] for Approval of its Building Electrification Programs and Application of [SCE] for Approval of its 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan Application, May 2, 2022, (SDG&E Response), p. 2

¹⁰ Sierra Club Response, pp. 5-6.

often do, address a narrower scope of issues within their own testimony. Thus, parties in the SCE BE Application can continue to participate in a consolidated BE and EE Application and focus on building electrification issues within the broader, consolidated EE Application.

Furthermore, there are additional overlapping issues between the BE and EE Applications, aside from SCE's budget requests, that should be explored holistically and scrutinized under a single proceeding. The recently issued Scoping Memo in SCE's BE Application identifies these overlapping issues,¹¹ which include issues related to the reasonableness of SCE's overall budget request considering its cost-effectiveness, program costs and benefits, and coordination with other proceedings, including but not limited to, SCE's EE Application.¹² Consolidation would support resolution of these identified issues allowing the Commission, and parties, to benefit from developing an adequate record in both proceedings, ultimately resulting in fairness to all interested parties and stakeholders.¹³

B. SCE, EDF/NRDC and Sierra Club's Responses Contain Misleading Representations Regarding Cal Advocates' Motion to Consolidate.

In its response, SCE attempts to mislead the Commission where it takes Cal Advocates' position on the regulatory asset treatment issue out of context and implies that Cal Advocates agrees with its claim that the "BE Application raises novel issues."¹⁴ Specifically, SCE asserts that "Cal Advocates itself has stated [BE application issues] would require specific briefing" and cites to Cal Advocates' Prehearing Conference

¹¹ Assigned Commissioner's Scoping Memo and Ruling, April 27, 2022 (Scoping Memo).

¹² Scoping Memo, pp. 5-6.

¹³ See TURN Response to Cal Advocates Motion to Consolidate, May 2, 2022, pp. 3-5. TURN's response supports Cal Advocates' Motion and provides further compelling arguments for why consolidation is appropriate, particularly given the recent issuance of the Scoping Memo.

¹⁴ SCE Response, p. 3.

Statement.¹⁵ While Cal Advocates did note that there are threshold legal questions that arise from SCE's proposed regulatory asset treatment of customer-side infrastructure,¹⁶ Cal Advocates clarified during the Prehearing Conference in the BE Application that these legal issues can be incorporated into the briefing of the entire case on the merits.¹⁷

EDF/NRDC's Response also includes some incorrect claims. EDF/NRDC's Response attempts to oversimplify Cal Advocates' position by stating that:

Cal Advocates argues that the Commission's current rules for Energy Efficiency programs allow for an appliance to be upgraded, and during that upgrade, the appliance's primary fuel can be substituted from natural gas to electricity. Therefore, since SCE has submitted a Building Electrification Application, . . . it should be consolidated with the Energy Efficiency Business Application.¹⁸

Sierra Club's Response makes a similar claim where it implies that Cal Advocates' motion relies on the single premise that fuel substitution rules allow for building electrification.¹⁹ Although Cal Advocates' Motion to Consolidate relies on the premise that consolidation is appropriate given the overlapping questions of law and fact involving fuel substitution measures, the motion provides clear and compelling reasons why consolidation is not only appropriate, but necessary to allow a comprehensive cost-effectiveness review of customer programs and ensure just and reasonable rates.

C. The Commission Should Reject SCE's Unsubstantiated and Incorrect Claims That Consolidation Would Undermine Efforts to Reduce GHG Emission Goals.

SCE's Response contains several unsubstantiated claims related to consolidation of the BE and EE Applications and the purported impact of consolidation on efforts to

¹⁵ SCE Response, p. 3.

¹⁶ The Public Advocates Office Prehearing Conference Statement, March 18, 2022, (A.21-12-009), p. 2.

¹⁷ Reporter's Transcript, Prehearing Conference, Virtual Proceeding (March 24, 2022), Volume 1, pp. 22:5-23:2.

¹⁸ EDF/NRDC Response, p. 2.

¹⁹ Sierra Club Response, p. 6.

reduce GHG emissions. Specifically, in its Response SCE states that consolidating these two applications would “constrain the programs proposed in the BE Application” and “limit their ability” to meet the State’s 2030 goals of reducing GHG emissions to 40 percent below 1990 levels.²⁰ SCE claims that fuel substitution measures in the EE Application are specifically designed to serve different policy objectives than those in the BE Application because they do not capture “bill savings and downward rate pressure.”²¹ These claims are unproven and are best explored as part of the evidentiary record developed in a consolidated proceeding.

SCE further asserts that the BE Application prioritizes meeting the state’s decarbonization goals, while the EE Application focuses on capacity reduction and energy savings.²² This is incorrect. In Decision 21-05-031, the Commission adopted metrics for the current EE budget cycle that “can capture more benefits of the energy efficiency programs, *including GHG emissions reductions* and long-term savings goals.”²³ Additionally, the Commission’s briefing materials on *Regulating Energy Efficiency* has listed “to help reduce greenhouse gas emissions” as one of the top three reasons for publicly-funded energy efficiency programs.²⁴ Thus, energy efficiency is intended to provide carbon reduction benefits (i.e. GHG emission reductions), in addition to energy and capacity reduction.

Similar to SCE, Sierra Club argues that SCE’s BE Application is necessary to reach the State’s climate goals and that building decarbonization proceedings must be

²⁰ SCE Response, pp. 2, 4.

²¹ SCE Response, pp. 3-4.

²² SCE Response, pp. 4-5.

²³ Decision (D.) 21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26, 2021, Finding of Fact (FOF) 1 and 2; issued in R.13-11-005. (Emphasis added.) The Commission also found that “[a] TSB metric is inherently better at capturing benefits of fuel substitution than single fuel kWh or therm goals. (D.21-05-031, FOF 3.)

²⁴ See *Regulating Energy Efficiency: A Primer on the CPUC’s Energy Efficiency Programs*, February 2016, p. 2. Available on the Commission’s Energy Efficiency Website ([Energy Efficiency \(ca.gov\)](https://www.cpuc.ca.gov/energy-efficiency)) and at the following link: [Microsoft Word - Regulating Energy Efficiency_DRAFT_v001.docx \(ca.gov\)](#).

kept separate.²⁵ Sierra Club asserts that the Commission has been explicit about the need to keep “separate building decarbonization proceedings,” citing to the preliminary scoping memo for Rulemaking (R.) 19-01-011,²⁶ to bolster its argument that the BE and EE Applications should not be consolidated.²⁷ Sierra Club cites no explicit language in a Commission decision to support this claim. The initial scoping memo Sierra Club relies on merely considered the then currently open proceedings “well-suited” to an exploration of supporting GHG emissions reductions in buildings.²⁸ The Commission did not reject the possibility of consolidating proceedings involving building electrification and energy efficiency portfolios. Indeed, at the time of the initial scoping memo in R.19-01-011, SCE’s BE and EE Applications had not yet been filed.

Lastly, SCE contends that the BE Application requires different criteria than the EE Application and the BE program proposal should be assessed using a “least-cost-best-fit framework.”²⁹ SCE also argues that the Total Resource Cost (TRC) cost-effectiveness targets and other requirements utilized for the “resource acquisition,” “equity,” and “market support” categories are unique to the EE market and not applicable to the BE Application.³⁰ However, the EE budget applications do allow limited exceptions to cost-effectiveness targets for programs that fit into “market support” and “equity.”³¹ Under a consolidated application, SCE could incorporate components of its BE application into

²⁵ Sierra Club, pp. 3-4.

²⁶ *Order Instituting Rulemaking Regarding Decarbonization*, R.19-01-011, February 8, 2019 (R.19-01-011 Initial Scoping Memo). The Commission opened this Order Instituting Rulemaking (OIR), on February 18, 2019, to begin creating a policy framework surrounding the decarbonization of buildings.

²⁷ Sierra Club Response, p. 3.

²⁸ R.19-01-011 Initial Scoping Memo, pp. 4-6.

²⁹ SCE Response, p. 12.

³⁰ SCE Response, pp. 6-7.

³¹ SCE notes there is some consideration for market support and equity programs in the EE proceeding. (SCE Response, p. 12.) D. 21-05-031 outlines the three categorized segments and defines what programs would fit in each category.

these categorized segments, including the EE portfolio segment that requires the TRC cost-effectiveness standard to be met.

III. CONCLUSION

For the reasons set forth above, Cal Advocates requests that the Commission grant its Motion to Consolidate SCE's BE Application with the EE Application and disregard the responses filed by SCE, EDF/NRDC, Sierra Club, and SDG&E.

Respectfully submitted,

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