

**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).
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**LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
COMMENTS ON EM&V,
ENERGY EFFICIENCY PROGRAMS OFFERED BY COMMUNITY
CHOICE AGGREGATORS, AND OTHER MATTERS**

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

March 11, 2010

I. Introduction

As directed in the March 3, 2010 *Administrative Law Judge's Ruling Setting Prehearing Conference*, the Local Government Sustainable Energy Coalition ("LGSEC")¹ offers these comments in advance of the Prehearing Conference scheduled for March 18, 2010.² The LGSEC anticipates participating actively on certain issues that are slated for consideration in this Rulemaking. The *ALJ's Ruling* requests comments on a review of the framework for evaluation, measurement, and verification ("EM&V"); comments on how to identify and prioritize issues related to energy efficiency programs offered by Community Choice Aggregators; and other issues raised in the OIR.

II. Evaluation, Measurement, and Verification

The record in predecessors to this proceeding includes suggestions on changes to EM&V processes. In R.06-04-010, the County of Los Angeles recommended that the California Public Utilities Commission ("Commission") adopt a single cost-effectiveness methodology for evaluating energy efficiency, demand, response, California Solar Initiative, and other related programs. The goal would be cost-effective energy savings projects across combined program areas, even if some program portions of the project may not be cost-effective when evaluated on their own (in the absence of the other project components which enhance savings but are not

¹ The Local Government Sustainable Energy Coalition includes: the Association of Bay Area Governments, the Association of Monterey Bay Area Governments, the City of Berkeley, the City of Huntington Beach, the City of Irvine, the City of Pleasanton, the City and County of San Francisco, the City of Santa Monica, the County of Los Angeles, the County of Marin, the County of Ventura, the Energy Coalition, the South Bay Cities Council of Governments. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC's Board.

² The LGSEC will be unable to participate in the March 18 Prehearing Conference, due to a longstanding prior commitment. Our representative is available to respond to any questions, comments, or concerns at any time.

legitimate expenditures for the program).³ Additionally, the County of Los Angeles suggested that EM&V for local government partnerships could be improved by:

- Developing a system for harvesting the savings data associated with information programs sponsored by partnerships;
- Tailoring EM&V reports to reflect the unique aspects of partnership programs; and
- Initiating EM&V in the early stages of partnership implementation, so EM&V contractors can track the progress of programs and identify modifications that occur along the way.⁴

The recently completed EM&V studies for local government partnerships in the 2006-2008 energy efficiency programs call for these same suggestions as next steps.⁵

The LGSEC also has suggested that a different metric is required for evaluating the cost-effectiveness of local government partnership programs. This is discussed in detail in *Comments of the Local Government Sustainable Energy Coalition on Cost-Effectiveness Metrics and Energy Efficiency Manual*, submitted in R.06-04-010, April 1, 2008.

III. Community Choice Aggregation

In terms of Community Choice Aggregation (“CCA”), the most immediate issues are being taken up in the CCA docket and accompanying Commission processes, namely the conflicts with utilities over marketing and customer enrollment. D.03-07-034, *Interim Opinion*

³ *Comments of the County of Los Angeles In Response to June 27 Assigned Commissioner Ruling on Energy Efficiency Portfolio and Advisory Group* in R.06-04-010, July 23, 2007, pp. 11-12.

⁴ *Ibid*, pp. 12-13.

⁵ Summit Blue Consulting, *Government Partnerships: Programs Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnerships Programs*, January 26, 2010, Executive Summary.

Implementing Provisions of Assembly Bill 117 Relating to Energy Efficiency Program Fund Disbursements, addressed operational issues. However, no CCA has yet requested access to its proportional share of energy efficiency funds. During the seven years since D.03-07-034 was adopted, there has been change in the administration of energy efficiency programs, and new policy initiatives on the part of the Commission that affect energy efficiency, namely the passage and implementation of Assembly Bill 32, the Global Warming Solutions Act. Additionally, local governments have direct access to additional energy efficiency funds which they can leverage, for example, in the form of Federal community block grants, or Property Assessed Clean Energy Programs (“PACE”).

The Commission is wise to revisit D.03-07-034. In particular, the Commission should reconsider the requirement for CCAs to apply for energy efficiency funds. Since the Decision was passed, the Commission has directed that the investor-owned utilities will administer energy efficiency funds and conduct solicitations for organizations to provide energy efficiency programs, and be eligible to earn shareholder incentives for these activities. There may now exist a conflict of interest for utilities to be making decisions on whether and how much funding a CCA will be able to access. The Commission may instead determine that there must be a guarantee that a CCA have access to public goods charge funds. Indeed, D.03-07-034 anticipated this: “While we may ultimately find that CCAs are appropriately independent agencies that should have considerable deference to use Section 381 funds, we leave the issue of CCA’s role and discretion to our broader rulemaking.” (p. 10)

IV. Additional Issues

There are two additional issues we wish to highlight for the Commission’s consideration as it scopes out this proceeding. The first is the need for utility financing options and energy

efficiency incentive programs to coordinate with Property Assessed Clean Energy (“PACE”) programs being launched across the state by local governments. This issue could be considered as the Commission implements AB 758, which requires the Commission to “investigate the ability of electrical corporations and gas corporations to provide various energy efficiency financing options to their customers for the purposes of implementing the program...” and “include an assessment of each electrical corporation’s and each gas corporation’s implementation of the program.”

The second is a request that as it embarks on this next phase of California’s energy efficiency program evolution, the Commission build in more regular opportunities to receive progress reports from local governments. Local governments are widely regarded as key actors in achieving the goals of the *California Energy Efficiency Strategic Plan*. Yet we have no opportunity to report directly to the Commission on our progress, or discuss elements of program implementation. All communications about our programs are packaged by the utilities before being submitted to the Commission. The Commission should consider alternate means of monitoring the progress of energy efficiency programs, including more visits to local government energy efficiency partners, direct written or oral reports from local government partners, and informal work sessions. Some of this may occur through the Statewide Coordinator position that will be part of the 2010-2012 program cycle, but there will still be opportunities for the Commissioners and staff to engage more directly.

V. Conclusion

The LGSEC and our individual members look forward to working with the Commission and other parties in this next phase of the energy efficiency rulemaking.

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Respectfully submitted,

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