

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

Order Instituting Rulemaking into Policies
to Promote a Partnership Framework
between Energy Investor Owned Utilities
and the Water Sector to Promote
Water-Energy Nexus Programs.

Rulemaking 13-12-011

**COMMENTS OF THE
LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION ON
WORKSHOP REPORT ON WATER-ENERGY COST
EFFECTIVENESS**

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FOR Local Government Sustainable Energy
Coalition

August 15, 2014

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission's ("Commission") and the July 18 Ruling of ALJ Edmister, the Local Government Sustainable Energy Coalition ("LGSEC")¹ offers these comments on the Workshop Report attached to the Ruling ("Report"). The LGSEC thanks the Commission for taking on this important and timely subject.

On August 13, the Commission sponsored an *en banc* hearing in this docket to examine actions that should be taken to address the ongoing drought. The panelists included speakers from a number of state and federal agencies. The LGSEC applauds the Commission for bringing these agencies together to think about a coordinated response to the drought, and hopefully to realizing solutions that use all of California's resources more efficiently. It is only through a coordinated response that we will develop solutions that cross the boundaries in place through long-established bureaucratic structures.

The Report is focused almost entirely on the electricity sector. While this is understandable because it is being prepared under the direction of the Public Utilities Commission, it is not adequate. The Commission must broaden its approach to cost-effectiveness when considering this suite of programs. Energy-water programs deliver multiple benefits, among them: water savings, energy savings, reductions in the emissions of greenhouse gases, reduced wastewater discharge, and reduced natural gas use. Costs should be shared between programs that are targeted at these multiple benefits and evaluated in view of their total benefit, not solely their electric power savings.

¹ Across California, cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities are members of the LGSEC. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC's Board.

The report identifies potential options for evaluating the performance of energy-water programs. This is certainly important. And given the crisis engendered by the ongoing drought, it is not enough. While meaningful performance measures are important and needed, they cannot be the sole focus of this proceeding. It is important to identify the types of energy-water programs that should be developed for future funding. Time is of the essence.

The Commission should further consider an evaluation of existing programs and the relationship of cross technology program design, market awareness, and potential integration. Specifically, we believe there are opportunities to better coordinate solar thermal and energy efficiency programs. Contemporary water heating systems being replaced through energy efficiency programs, with incentives, compete with solar thermal applications in other programs. The customer should be indifferent to the program used, as long as the water hearing system is replaced.

The Commission should be mindful that most of the electric power use and all of the natural gas use associated with water occurs on the customer side of the meter. The UC Davis Center for Water-Energy Efficiency found that more than 70% of water-related electric power use goes for end-user, after-the-meter purposes. For CPUC purposes, this would be 70% of the oft-quoted 19% of water utilities regulated by the CPUC. A meaningful CPUC energy-water program must address end-user energy use.

The Commission should be thinking ahead to the type of programs that will best address climate change impacts and the drought. In this context, integrated energy-water programs make the most sense. The Commission should develop or participate in the development of integrated, third-party programs that pool funding from the energy, water, wastewater, and natural gas industries and develop integrated energy-water programs that provide benefits in all sectors and

maximize the cash savings for all ratepayers. Separate, silo programs, in electricity, gas, wastewater, and water cannot achieve the significance and return on investment available to integrated programs. Regional Energy Networks operated by local governments provide an ideal neutral entity to put together these integrated programs.²

The Commission should also be mindful of the importance of usage data, both energy and water usage data. At the August 13 hearing, several panelists spoke of the value that would be derived from more timely and accurate information about both energy and water consumption. While it is true that more advanced meters are generally available for electricity customers, this does not mean that data on electricity usage is readily available to inform programs developed at the local level to realize opportunities in specific communities.³ The Workshop Report includes detailed explanations of the many watersheds in California and the different circumstances that accompany them. Responses to the drought, and to climate change, will vary across the State. All market participants must have timely access to data about both energy and water usage.

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Respectfully submitted,



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² Local governments can easily reach the municipal water suppliers who provide the vast majority of water to California's end-users, by virtue of being government entities, in many cases under the direction of the same governing board. This is distinct advantage in the context of the large number of water suppliers in California and the limited reach of the CPUC in this area.

³The Commission has developed a lengthy record on energy usage data in R.08-12-009.