

June 8, 2011

Chairman Robert Weisenmiller and Commissioner Karen Douglas  
California Energy Commission  
1516 9th Street  
Sacramento, CA 95814

**DOCKET**

**11-IEP-1C**

DATE Jun 08 2011

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**RE: Reply Comments on CEC's Estimates of Energy Efficiency in the Demand Forecast**

Dear Chairman Weisenmiller and Commissioner Douglas:

On behalf of the California Energy Efficiency Industry Council, I write to offer further perspective on the California Energy Commission's (Commission) estimates of energy efficiency savings in the demand forecast to be considered within the 2011 Integrated Energy Policy Report (IEPR). Our comments build upon our original letter, dated May 18, 2011, and the results of the May 25, 2011 Staff Workshop. As always, we appreciate the opportunity to offer these comments and commend the Commission staff for its ongoing efforts to accurately summarize the impacts of California's historical and ongoing energy efficiency activities.

As we, and others, have stated before, the Commission should carefully consider the underlying message, or perceived message, of the most recent 2009 Commission graph of historical energy efficiency impacts.<sup>1</sup> We believe the 2009 energy efficiency savings graph that showed and implied categorical attribution, to codes and standards, programs, and "naturally occurring savings," can be dangerously misleading given the uncertainty associated with the analyses and attribution corrections that were used to create the graph. Without showing the uncertainty in attribution and providing further explanation of what "naturally occurring savings" may mean in this context, the graph risks implying, because of uncertain data, to the casual observer that a laissez-faire approach to energy efficiency will allow the State to meet its stated energy efficiency and AB 32 goals.

It would be very unfortunate if a single graph, with much uncertainty, was to even suggest that taking no action is more effective than the sustained investment in the efficiency programs, as well as codes and standards, that are required to overcome market barriers to wide-spread adoption of energy efficiency. Indeed, the term "naturally occurring savings" may well be a misnomer in a state with such significant activity in education, codes, standards and programs that promote energy efficiency and we would recommend that the term be avoided entirely.

There is a definite but poorly understood overlap among the various sources and causes of savings, which makes attribution between them extremely complicated. Efficiency programs play an interconnected role with and help pave the way for cost-effective codes and standards updates as well as natural market adoption. Though it is important to strive toward a better understanding of attribution for different efficiency strategies to inform policy decisions going forward, the IEPR Demand Forecast is not the correct forum for reaching a conclusion on the attribution of historical impacts. This is especially the case when sufficient historical data have not been collected and when significant debate remains surrounding the appropriate values to be used.

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<sup>1</sup> Figure 3 in Kavalec, Chris and Tom Gorin, 2009. California Energy Demand 2010-2020, Adopted Forecast. California Energy Commission. CEC-200-2009-012-CMF.

Therefore, we have refined our recommendations as follows:

1. The Commission should provide only one graph that indicates total historical energy efficiency and conservation savings. This graph should consist of only a single line that totals estimates of all gross energy savings associated with all sources, e.g., efficiency utility and public sector programs, codes and standards, and other. Gross energy savings should be defined as in the Model Energy Efficiency Program Impact Evaluation Guide: “The change in energy consumption and/or demand that results directly from program-related actions taken by participants in an efficiency program, regardless of why they participated.”<sup>2</sup>
2. The Commission should provide text accompanying this graph in the IEPR and/or individual Demand Forecast reports indicating that:
  - From an environmental impact and system planning perspective, what is critical to document is gross savings associated with all efficiency efforts.
  - Estimating historical and projecting future energy and demand savings is complex.
  - In particular, attributing savings to one cause or another is difficult given the multitude of efforts that have been and are currently underway in California to influence investments in efficiency and reduce energy consumption, as well as the role of energy prices. The entangled nature of the relationship between utility programs and the other attribution categories of energy savings makes it extraordinarily difficult to accurately quantify the independent contribution of any one category.
  - Given the importance of visuals and the tendency for readers to inaccurately interpret them in isolation from any accompanying text or explanation, it should be clarified that the published graph of historical energy efficiency and conservation savings in the 2009 CEC Demand Forecast<sup>3</sup> was not intended to be used to attribute savings to different causes, and should not be interpreted as such.
  - Any terms used to describe efficiency impacts should be fully and clearly defined, and it should be also acknowledged that the same terms can be used in different ways in different forums. We support ongoing efforts to standardize and clarify definitions used both for energy efficiency evaluations and energy resource forecasting.

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<sup>2</sup> National Action Plan for Energy Efficiency (2007). Model Energy Efficiency Program Impact Evaluation Guide. Prepared by Steven R. Schiller, Schiller Consulting, Inc.  
<[www.epa.gov/cleanenergy/documents/suca/evaluation\\_guide.pdf](http://www.epa.gov/cleanenergy/documents/suca/evaluation_guide.pdf)>.

<sup>3</sup> Figure 3 in Kavalec, Chris and Tom Gorin, 2009. California Energy Demand 2010-2020, Adopted Forecast. California Energy Commission. CEC-200-2009-012-CMF.

- The Commission encourages future efforts by the State to delineate energy efficiency historical or projected savings to include ex-post evaluations to assess savings in a consistent manner across savings categories that can be utilized by energy system planners.

As we have noted before, it is critical that the Commission carefully consider the broader implications of its depictions of historical impacts of energy efficiency savings from various approaches, as well as any changes from its past practice or portrayals. The California Energy Demand forecast should be focused on providing fact-based data for use by system planners. Tracking and analyzing attribution is a task for other forums.

The Efficiency Council is grateful for the Commission's attentiveness to this issue and is committed to supporting the development of sound and accurate estimates of California's energy efficiency savings that will ensure that California remains the leader in effective, innovative, cost-effective and sound energy efficiency policy that will support the state's goal of efficiency as the first priority in the loading order.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Chang", written in a cursive style.

Audrey Chang  
Executive Director

A handwritten signature in black ink, appearing to read "Steven R. Schiller", written in a cursive style.

Steven R. Schiller, P.E.  
Chairman of the Board