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<b>DOCKET</b>	
07-BSTD-1	
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December 14, 2007

Chris Gekas, Contract Manager  
CALIFORNIA ENERGY COMMISSION  
Dockets Office  
1516 Ninth Street, MS-4  
Sacramento, CA 95814

**RE: Comments of The Utility Reform Network (TURN)  
On proposed 2008 Building Energy Efficiency Standards  
Docket No. 07-BSTD-1**

Dear Mr. Gekas:

The Utility Reform Network (TURN), representing residential and small commercial utility ratepayers, welcomes this opportunity to present public comments to the California Energy Commission regarding the 45-day language of the proposed 2008 Building Energy Efficiency Standards. Our comments at this point are focused on the requirement for Programmable Communicating Thermostats (PCTs) in §112 c.

***A. The "Project" Is Not Accurately Defined***

The benefits of the components of Title 24 standards, taken in their entirety, need to outweigh the costs.<sup>1</sup> In the case of PCTs, the supporting documents discuss the costs of PCTs and their installation, but the cost of the

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<sup>1</sup> Public Resources Code §25402(a).

communications component of the PCT is not included.<sup>2</sup> This analysis is therefore deficient because it omits the cost of an element that is required in order to obtain the benefit, e.g. capacity and energy savings.<sup>3</sup> At a minimum the cost analysis should include an allowance for the least expensive type of communications technology that would accomplish this result.

***B. Because the Project is Incompletely Defined, the Analysis is Piecemeal***

An EIR requires a complete project analysis, not a piecemeal approach. The negative declaration of impacts must be based on a complete definition of the "project."

***C. Because the Project is Incompletely Defined, the Benefits of PCTs are Double Counted in the AMI Analyses Submitted by Investor-Owned Utilities to the Public Utilities Commission***

Communications with PCTs will be implemented by each utility according to its own chosen technology. Southern California Edison contemplates activating the Title 24 PCTs (as well as those purchased voluntarily in addition to Title 24) via a home area network (HAN) technology that will be possible after installation of its Advanced Metering Infrastructure (AMI). AMI rollout is a project that is currently being evaluated at the California Public Utilities Commission in A.07-07-026. As part of the benefit of the AMI project

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<sup>2</sup> See, for example, Southern California Edison and Public Interest Energy Research (PIER), "Draft Report Demand Responsive Control of Air Conditioning via Programmable Communicating Thermostats (PCTs), February 14, 2006, p. 11.

<sup>3</sup> Ibid., p. 21-24.

Edison is claiming the reduction of peak MW as a result of communications to the PCTs.<sup>4</sup>

The consequence of this piecemeal approach is that ratepayers are now facing the prospect of two sets of costs, the PCT hardware and the communications cost, discussed in separate proceedings before two different agencies, yet they are both "justified" by the same set of benefits (MW reductions from use of PCTs). **The same benefits are counted in proceedings at both agencies.** Thus any benefits received from PCTs will have been paid for twice. As part of our intervention in AMI proceedings at the CPUC TURN will be addressing this double counting. We will also be examining whether the double counting applies to PG&E's most recent AMI application, A. 07-12-XX, filed December 12, 2007.<sup>5</sup>

#### ***D. Cost of Customer Acquisition has Not Been Included***

As discussed above, the simple installation of a Title 24 -compliant PCT will not result in MW saved. But in addition to the communications network that will enable the signaling of a PCT event, the customer must agree to participate in a program that will activate his PCT. Customer acquisition costs can be sizeable, approaching the incremental cost of the PCT itself. For example,

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<sup>4</sup> See A.07-07-026, SCE-4, p. B-15. Edison claims 117 MW from Title 24 PCTs in 2013 and 225 MW in 2013 from non-construction Title 24 compliant PCTs whose installation will be covered by rebates from Edison. In the Title 24 docket, after 5 years of Title 24 rollout, e.g. by 2013, Edison predicts roughly 132 MW of Title 24 PCT effects from residential customers. (calculated from Edison-PIER study, p. 25).

<sup>5</sup> PG&E claims over \$110 million in net benefits (present value of revenue requirements basis) due to communication with Title 24 PCTs. (A.07-12-xxx, PG&E-3, Table 5-4, p. 5-10.) TURN has not fully reviewed this recent application.

PG&E is estimating a cost of \$77 to recruit customers to its PCT program,<sup>6</sup> a cost which exceeds the \$60 incremental cost estimated for the PCT hardware itself.<sup>7</sup> Despite these expenditures PG&E expects only 25% of those with Title24 PCTs to participate.<sup>8</sup> The cost analysis for Title 24 has not included this customer acquisition cost, which is necessary in order to achieve the MW benefit alleged from PCTs.

#### *E. One-Way vs. Two-Communications?*

Another area where the project definition needs clarity and consistency is in the area of one or two-way communications. While the Title 24 language only requires a one-way communications capability to be installed, several utilities intend to use two-way communications.<sup>9</sup> Again, the extra cost for this 2-way communications module, that fits into the existing PCT port, has not been accounted for against the benefits expected. The cost of any HAN network, if essential to the activation of the PCT, should also be attributed to the PCT benefits.

#### *F. Summary*

The PCT "project" has not been accurately defined. Thus the costs for essential components such as communications and customer acquisition, which

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<sup>6</sup> See PG&E's Updated AMI application, A. 07-12-xx, PG&E-3, p. 5-19 and 5-23. PG&E is planning a cost of \$53 per participant to recruit the customer and \$25 in incentives.

<sup>7</sup> SCE-PIER p. 30.

<sup>8</sup> PG&E, *Ibid.*, PG&E-3, p. 5-19. The Title 24 analysis is much more optimistic, assuming 70% of customers with PCTs participating in a program. See SCE-PIER, p. 21.

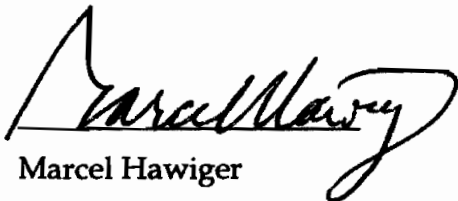
<sup>9</sup> See A.07-07-026, SCE AMI, SCE-4, p. 15 and PG&E's Updated AMI, A.07-12-XX, PG&E-3, p. 4-4.

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are required to obtain the benefit of MW reductions, have not been included. Furthermore, because of the incomplete project definition, the entire project is being examined piecemeal before this Commission and the Public Utilities Commission, and the benefits of the PCTs are being claimed in multiple proceedings. Ratepayers will thus be paying twice for the benefits alleged from PCTs.

The CEC should correct the project definition, and include at least a minimum communications and customer acquisition cost to justify requiring PCTs under Title 24. Other proceedings, such as the AMI examinations at the CPUC, should deal only with incremental costs and benefits (if any) afforded by AMI in facilitating MW reductions using PCTs. Ratepayers cannot be asked to pay twice for the same set of benefits.

Sincerely Yours,



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Cc: Commissioner Jackalyne Pfannenstiel, Presiding Member  
Commissioner Arthur Rosenfeld, Associate Member  
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