

June 30, 2009

California Energy Commission
Docket Office, MS-4
Docket No. 09-IEP-1F
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.state.ca.us

DOCKET	
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DATE	June 30 2009
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Re: California Energy Commission (Energy Commission)
Docket No. 09-IEP-1F: Written Workshop Comments of
Southern California Edison Company (SCE) on Achieving
Cost Effective Energy Efficiency

To Whom It May Concern:

Southern California Edison (SCE) appreciates the opportunity to provide comments on the June 9th workshop on Publicly Owned Utilities' (POUs) Energy Efficiency (EE) Program Achievements. SCE commends the performance of California's POUs in increasing their EE expenditures by over 90% and their reported savings by 135% since 2006.¹ The presentation by Energy Commission Staff showed that POUs delivered 8% of 2008 statewide annual energy savings.² The POUs provided about 25% of the retail electricity consumed in California, while Investor Owned Utilities (IOUs) provided approximately 67% with direct access providers supplying the remainder.³

The intent of Assembly Bill (AB) 2021 was for the POUs to procure EE so that the state can meet the goal of reducing electricity consumption by 10% over 10 years (annual average 1%). To achieve this, the POUs should continue their efforts to increase their EE expenditures to meet this target. In addition, for California to achieve the aggressive 32,000 Gigawatt-hour (GWh) EE goal adopted in the AB 32 Scoping Plan, it will be critical for all utilities, IOUs and POUs alike, to effectively deliver EE savings commensurate with their level of electricity sales to meet their share of the AB 32 goal.

Energy Commission Staff's presentation included a bar graph comparing portfolio cost-effectiveness of IOUs and POUs' EE programs. This graph showed the average cost-effectiveness of IOUs' portfolios of programs as slightly over 2.0 and POUs' portfolios as over 3.0 based on the Total Resource Cost (TRC) Test.⁴ SCE commends the POUs for their introduction of what appears

¹ Staff Workshop on POUs' EE Program Achievements, Kae C. Lewis, June 9, 2009, p. 2.

² Staff Workshop on POUs' EE Program Achievements, Kae C. Lewis, June 9, 2009, p. 10.

³ Achieving Cost-Effective EE for California: Second Annual AB2021 Progress Report, CEC Draft Staff Report, CEC-200-2009-008-SD, p. 1.

⁴ Staff Workshop on POUs' EE Program Achievements, Kae C. Lewis, June 9, 2009, p. 9.

to be new, highly cost-effective energy efficiency programs. However, it is unclear whether the reported costs and benefits of the POU and IOU programs are directly comparable. There may be possible differences in the derivation of these metrics,⁵ and the portfolios contain significantly different offerings, not all resulting in quantifiable resource benefits.

The Natural Resources Defense Council (NRDC) posited that the POUs' realization rates might be based on Database for Energy Efficient Resources (DEER) 2005, rather than DEER 2008, making their realization rates appear artificially high. SCE agrees with the oral comments of NRDC that more information is needed about the assumptions and data used to determine the POU realization rates. Also if the POU's studies modeled the methods in the EE 2006-2007 Verification Report prepared by the CPUC Energy Division, the record in the proceeding⁶ reveals serious shortcomings in the report that render it unreliable as an indicator of EE results.⁷

To ensure the accuracy of the information provided, the Energy Commission Staff should review the studies underlying the POU and IOU realization rates to determine if they are truly comparable. In particular, Energy Commission Staff should determine if the POU studies reflect the same DEER 2008 data used and if these studies were performed using the same rigorous methodologies prescribed in the California Evaluation Framework. This Staff review would help to ensure that IOU and POU EE programs are being meaningfully compared on an "apples to apples" basis.

SCE fully supports the POUs in their efforts to increase their EE savings. The only way to meet the state's energy goals is through the collaboration of all entities. SCE appreciates the opportunity to participate in the Energy Commission's Integrated Energy Policy Report process in support of that collaboration.

If you have any questions or need additional information about the attached comments, please contact me at 916-441-2369.

Very truly yours,

/s/ Manuel Alvarez

Manuel Alvarez

⁵ Differences in DEER assumptions, use of net to gross ratios and attribution.

⁶ CPUC Rulemaking (R.) 06-04-010

⁷ See SCE's Comments on the Review Draft of the EE 2006-2007 Verification Report, R.06-04-010, December 15, 2008.