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CEC IEPR Workshop on Historical Energy Efficiency

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Natural Resources Defense Council
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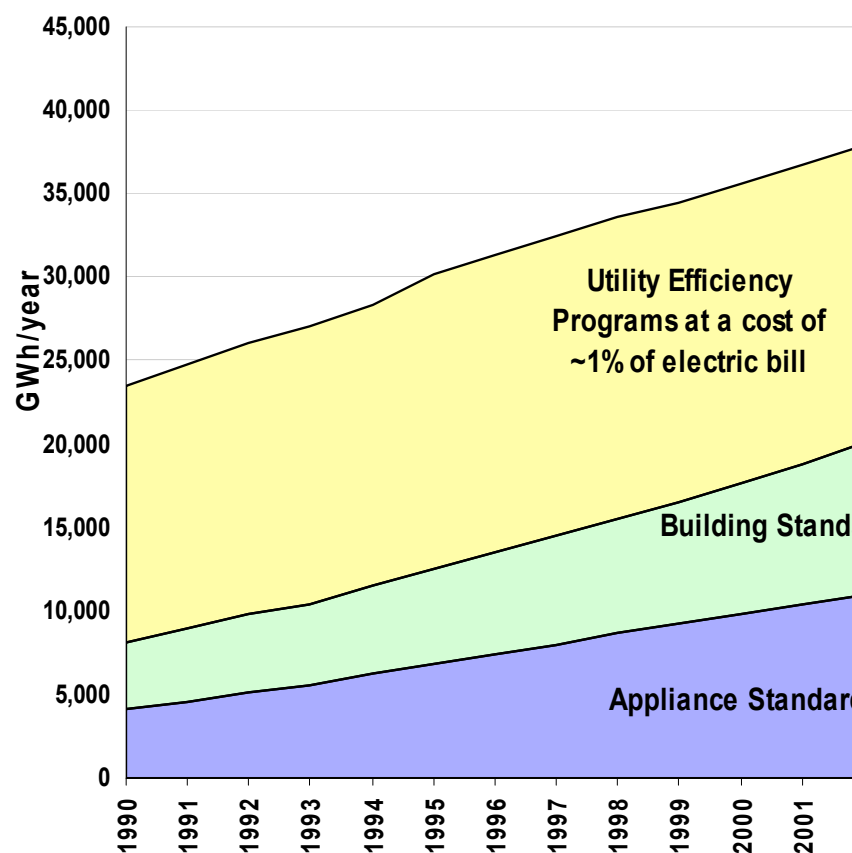


Outline

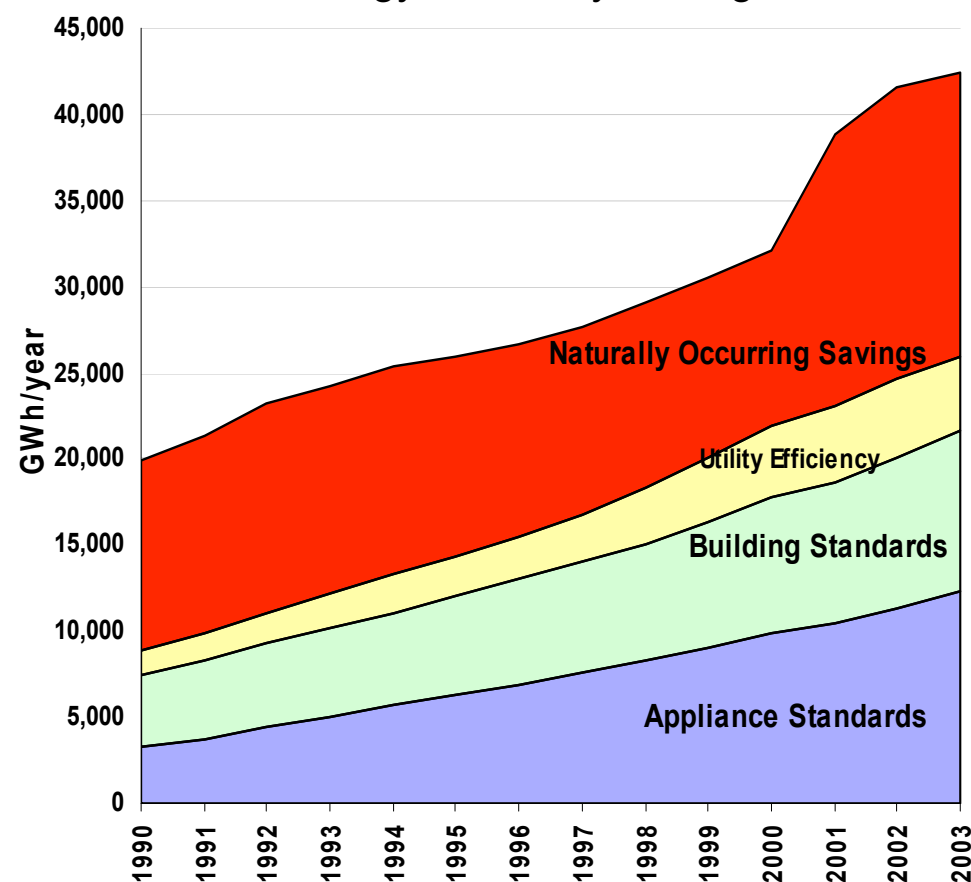
- Discussion of Problems with 2009 Graph
- NRDC Recommended Solutions
- Answers to Staff Questions

Problem #1: Misrepresentation of Savings

Original CEC Graph of Energy Efficiency Savings



Revised CEC Graph of Energy Efficiency Savings



****Savings cut by more than 75% without a reasonable basis****

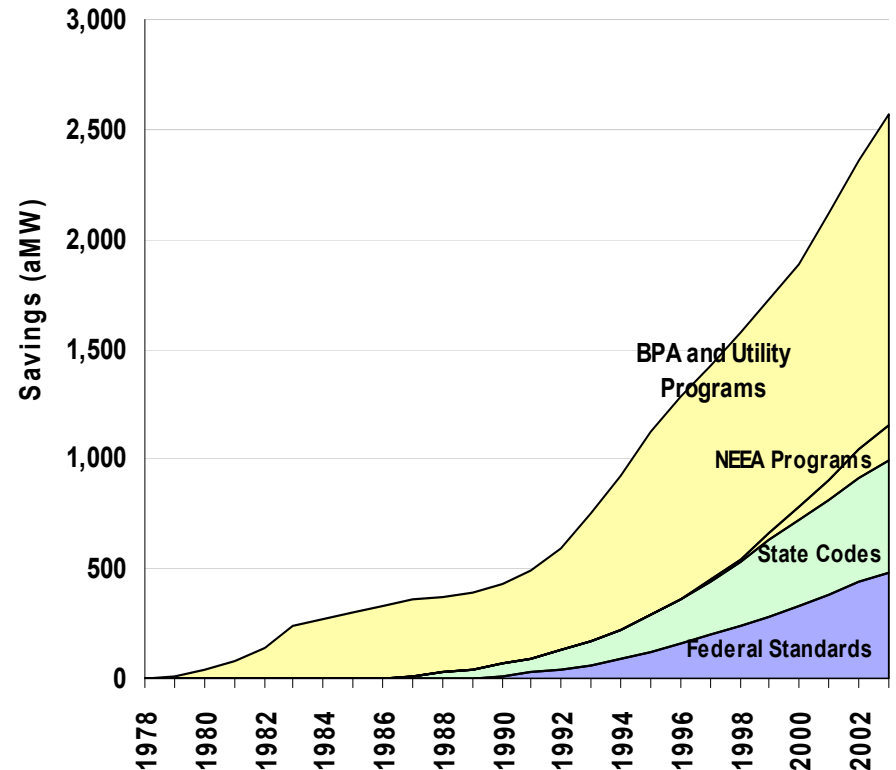
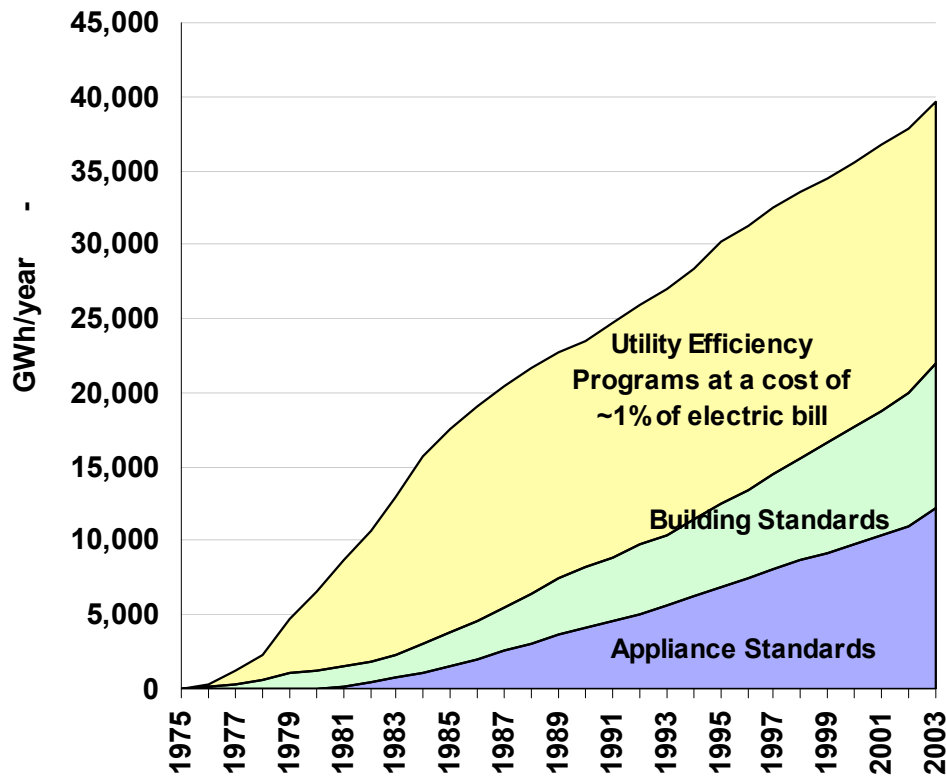
Problem #1 Detail: 2009 Graph Reductions

- Distorts amount of savings from energy efficiency programs
- Cuts savings by more than 75% without a reasonable basis
- Reduced savings attributed to efficiency programs by 92% in some years (i.e., the CEC only used 8% of the savings that were reported in those years)

Problem #2: Incommensurate Savings Estimates

Original CEC Graph of Energy Efficiency Savings

NWPCC Current Graph of Energy Efficiency Savings



****NWPCC has delivered similar programs over a similar time period****

Problem #2 Detail: Incommensurate Savings

- The graph undermines the California Public Utilities Commission assessments of programs
- The cuts dismiss the longstanding evaluation, measurement, and verification protocols
- The CEC assessment is drastically different from neighboring regions that have similar histories of energy efficiency using similar program design

Problem #3: Counterproductive Policy Signals

- Asserts that savings from programs would have happened anyway without intervention
- Contradicts the realities of market barriers
- Could undercut the state's and utilities' commitment to energy efficiency
- Undermines utility programs, including the POU programs that have recently ramped up
- Threatens ability to meet AB 32 goals

Solution #1: Retract 2009 Graph

- The 2009 IEPR graph misrepresents the sources of historical energy savings and revises prior data without sufficient basis
- Savings estimates were changed with inadequate public process
- Retracting the graph acknowledges the misrepresentation and sends a signal that CA needs smart energy policy intervention to capture all cost effective efficiency

Solution #2: Graph of Single Total Estimate

- CEC forecast model is not designed for nor capable of determining causes of savings
- The demand forecast does not need attribution of savings for planning purposes
- The 2011 demand forecast should use a single total estimate of energy savings

Staff Question #1 – Why is this important?

- Ensure the right policy signals to pursue strong energy efficiency savings
- Important to understand historical savings to inform future savings estimates
- Ensure that California utilities do not over-procure the more expensive and dirtier power plants
- California is a model and it should be clear that the state strongly supports key policies to overcome known market barriers to energy efficiency

Staff Question #2 – Which Version?

- Years leading up to 2003: Use CPUC's official energy savings estimates (and where needed, savings reported to the CPUC using the formal reporting requirements)
- 2004-2005: Use CPUC Energy Division's evaluated numbers for IOU programs
- 2006-2009: Use a range to reflect the ongoing unresolved evaluation disputes:
 - *Low range*: 2006-2009 ED evaluation reports
 - *High range*: Numbers adopted in D.10-12-049

Staff Question #3 & #4 – Attribution and Process?

- 2011 Demand Forecast: Historical energy efficiency should be represented by one comprehensive wedge and column
- Future Demand Forecast: Set up an in-depth and transparent analytical process to resolve the current issues

Staff Question #5– 2006-2008 Numbers?

Solution is to use a range of values to reflect the ongoing unresolved evaluation disputes:

- 2006-2008
 - *Low range*: 06-08 ED evaluation report
 - *High range*: Adopted in D.10-12-049 values
- 2010-2012:
 - *Low range*: 2009 IEPR adjustments to 2010-2012
 - *Mid range*: CPUC goals for 2010-2012
 - *High range*: utilities' projected savings approved in compliance filings

Staff Question #6 - Decay?

- Use CPUC's assumptions at this time
- Work with CPUC to determine if a better approach is available
- Reach out to the Northwest Power Coordinating Council (NWPCC) to compare methodologies and assumptions

Question & Answer Period

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