



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

JOSEPH P. COMO
Acting Director

505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-2381
Fax: 415-703-2057

<http://dra.ca.gov>

December 23, 2011

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-IEP-1A
1516 Ninth Street
Sacramento, CA 95814-5512

DOCKET

11-IEP-1A

DATE Dec.23 2011

RECD. Dec.23 2011

Subject: **Docket Number 11-IEP-1A Draft 2011 IEPR**

The Division of Ratepayer Advocates (DRA) is an independent division of the California Public Utilities Commission (CPUC) created by state legislation. DRA's mission is to obtain the lowest possible consumer rates for utility services consistent with safe and reliable service. DRA appreciates the opportunity to comment on the Draft 2011 Integrated Energy Policy Report, or IEPR. DRA's comments are directed exclusively at Chapter 2: Achieving Cost-Effective Energy Efficiency for California: Assembly Bill 2021 Progress Report Section of the Draft IEPR, pages 51 through 52.

The Draft IEPR includes a summary of "Staff Assessment of Utilities' Progress" on Investor Owned Utilities' (IOUs') energy efficiency program savings.¹ It provides utility-reported savings claims for the 2010 program year, observing that the numbers are self-reported "and have not been verified by third party evaluators."² The Draft IEPR notes "significant differences" between IOU-claimed savings and independently evaluated savings in the 2006-2008 period. The text that follows describes the magnitude of the gap for program year 2009.

DRA is concerned that this summary presents an incomplete and potentially misleading picture of IOU energy savings. The 2009 bridge year IOU program savings were not independently measured or verified by third party evaluators. The 2009 Energy Division "evaluation report" simply re-processes IOU reported claims by updating the assumption inputs

¹ Draft IEPR, p. 52.

² Draft IEPR, p. 52.

consistent with the findings of 2006-2008 evaluation, measurement and verification (EM&V) studies. The differences between re-processed IOU numbers and IOU claims is roughly the 11% difference included in the Draft IEPR. Thus, the suggestion that the magnitude of the difference between “evaluated” and reported savings is merely 11% (151% of goals versus 140% of goals) is misleading in that it grossly understates what the actual differences might be. For the 2006 – 2008 period, which truly was independently evaluated, the magnitude of the difference was large enough that, while the IOUs reported they exceeded CPUC goals, in most cases, the evaluated savings showed that the programs reached only between 37%-71% of these goals.³ In contrast, the 2009 numbers imply that the IOUs greatly surpassed their goals in both the reported or evaluated case.

A more accurate representation of the magnitude of the difference between reported and evaluated savings would have incorporated, or acknowledged, the difference between the 2006-2008 evaluated savings and the reported claims. The Draft IEPR should not suggest that the 2009 “evaluated” report provides independent measurement and verification as the series of statements on page 52 would imply.

DRA therefore recommends revising the text on page 52 as follows:

“The 2010 IOU savings numbers are still *ex ante* savings, that is, self-reported savings that have not been verified by third party evaluators. Beginning with the 2006-2008 program implementation cycle, the CPUC instituted a more comprehensive process for capturing, retaining, and reporting *ex post* evaluation results. ~~However, the CPUC’s 2006-2008 (plus 2009) EM&V results, which show a significant difference between reported and evaluated savings for this period, have proven to be controversial and remain in dispute.~~ The IOUs reported achieving 151 percent of their energy savings goals during 2009; ~~however the evaluation report indicated that the utilities achieved 140 percent of their goals for that period~~ surpassing their energy savings goals; however, while the evaluation report indicated that the utilities achieved between 37-71% of their goals for that period.”

Thank you for the opportunity to comment on the 2011 Draft IEPR. DRA urges the California Energy Commission to adopt the changes enumerated above in its final IEPR to ensure the accuracy of its statements related to IOU energy efficiency program savings. This is important because these savings may be used later for purposes of calculating energy demand forecasts and procurement needs.

³ 2006-2008 Energy Efficiency Evaluation Report, July 2010, Energy Division, pp. 100.

Please contact Monisha Gangopadhyay at (415) 703-1417 if you have any questions about these comments.

/s/ Christopher Danforth

Christopher Danforth, Interim Program Manager
Electricity Pricing and Customer Program Branch
Division of Ratepayer Advocates

cc: Lesternno@energy.state.ca.us