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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Post-2008 Energy Efficiency Policies, Programs, Evaluation, Measurement, and Verification, and Related Issues.

Rulemaking 09-11-014
(Filed November 20, 2009)

**ADMINISTRATIVE LAW JUDGE'S RULING
REGARDING ENERGY EFFICIENCY POTENTIAL STUDY AND
UPDATE TO THE DATABASE ON ENERGY EFFICIENCY RESOURCES**

1. INTRODUCTION

This ruling requests comments on the draft 2011 energy efficiency potential study and draft update to the Database on Energy Efficiency Resources (DEER), and adjusts the schedule for releasing the California Public Utilities Commission's Energy Division (ED) proposal for 2013-14 energy savings goals for the investor-owned utilities (IOUs).

2. BACKGROUND

Pursuant to the October 25, 2011, Assigned Commissioner's Ruling (ACR) and Phase IV Scoping Memo, this ruling requests comment on the draft *ex-ante* update (i.e., 2011 DEER update) and draft potential study. Among other things, the ACR requested comments on factors to consider for the 2013-2014 energy savings goals. Given that comments and replies in response to the ACR were not filed until November 8, 2011, I am postponing the release of Energy Division's (ED) proposal for 2013-2014 energy savings goals until a subsequent ruling.

3. AVAILABILITY OF DOCUMENTS AND PROCESS FOR COMMENTS

3.1 Draft 2011 Energy Efficiency Potential Study

ED's consultant, Navigant Consulting Inc. (Navigant), has made available for comment a draft of the 2011 potential study (the Navigant study). The Navigant study finds that the current estimated potential for energy savings through ratepayer-funded energy efficiency (EE) programs is affected by several factors, including:

- New codes and standards that currently apply, or will come into effect during the next several years, will reduce potential savings attributable to EE. Codes and standards change the baseline for assessing EE potential. Savings for measures subject to this change in baseline become attributable to codes and standards starting in the year the code goes into effect, and are not available for non-code activity.
- The update from *ex ante* to *ex post* Evaluation, Measurement, and Verification (EM&V) results to develop new EE portfolios will change the potential savings to the savings in the *ex post* analyses.
- There may be less energy savings from "behavioral programs" - where customers receive energy savings data about their neighbors and are urged to match their energy savings, or receive smart meter data about their own usage and may reduce usage in response - than assumed. Further, such savings may need to be discounted in EE portfolios to avoid double counting where savings are achieved through incentive programs.
- There are lower potential savings from low income programs than previously assumed.
- There has been a drop in Compact Fluorescent Lighting (CFL) potential due to market transformation and the pending adoption of CFL equivalent lighting efficiency standards into code.

- There are fewer savings achievable from refrigerator recycling, due to less secondary refrigerator decommissioning than previously assumed.
- The number of emerging technologies with the potential to yield energy savings may increase, though they may be less cost-effective in the early years due to their high cost and experimental nature.¹

The Navigant study is available on the Commission's website.² Additional documentation, including characterization of inputs to the potential study model and model outputs, can be found on ED's public documents website.³ Hard copies of the Navigant study and the additional documentation are available upon request. Due to its size, we will not email copies of the study and/or the additional documentation. ED scheduled a stakeholder meeting to present the draft study and respond to clarifying questions for November 16, 2011. A hard copy of the Navigant study will be attached to the version of this ruling that is filed with the California Public Utilities Commission's Docket Office (Docket Office) as Exhibit A. Comments on the study may be served and filed within 30 days of the issuance of this ruling and reply comments must be served and filed within 5 days of the due date for comments.

¹ The accuracy and completeness of the emerging technology characterizations is an issue that may be addressed in comments.

² See, www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/Energy+Efficiency+Goals+and+Potential+Studies.htm.

³ See, www.energydataweb.com/cpuc/home.aspx. To access the documents related to the potential study, enter "Potential & Goals Study" in "Type of Study" on the Search tab.

3.2 Draft 2011 DEER Update

ED's DEER Team has prepared a draft 2011 DEER update (2011 DEER update), which is available for comment. The 2011 DEER update focuses on changes proposed for use in estimating the *ex-ante* gross, net, and peak savings associated with the installation of energy efficiency measures for the 2013-14 bridge portfolio. The 2011 DEER update provides impact updates for Residential Lighting and Residential Hot Water Heating. Extensive data collection on lighting impacts allowed the DEER team to develop robust estimates of lighting usage. There is an observed trend toward lower daily hours of usage between 2008 and 2011; continuation of this trend depends on a variety of factors including the characteristics of the late adopters, new competitors to CFLs stimulated by new standards, and future economic conditions. Comments may address the current analysis of adjusted hours of use, the key market factors that should be monitored because they may lead to further changes in hours of use, the estimated "delta watts ratios" used to estimate savings from CFL's, the appropriate baseline usage for estimating savings from CFLs in future program years, and any other matters related to the DEER analysis.

ED's DEER team recommends statewide impact values for the faucet aerator and low-flow showerhead measures for the residential hot water heating. This recommendation is based on an evaluation of the physical energy and not the embedded energy associated with the water savings. Parties may comment on the reasonableness of this recommendation.

In addition to updates on lighting and hot water heating impacts, the 2011 DEER updates examine the Net-to-Gross Ratios (NTGR) for several critical areas. This is based on the review of the 2006-2008 evaluation studies and a comparison to current values in the DEER. The NTGR updated in the report include:

- Non Residential Lighting
- Residential Lighting
- Large Industrial and Commercial Measures
- Commercial heating ventilation and air-conditioning (HVAC) systems and Building Shell
- Commercial Refrigeration
- Residential HVAC
- Residential and Non Residential Hot Water Systems
- Residential Appliances

The changes made in the 2011 DEER update represent the measures with the highest priority or need for an update. Additional measures are identified for future updates. The 2011 DEER update documentation, the updated draft DEER database (known as DEER Version 4.0), and the database viewer software tool are available on the DEER website.⁴ Users may also access this page directly.⁵ Hard copies of the 2011 DEER update and documentation are available upon request.⁶ Copies of the 2011 DEER update and documentation will be affixed to the version of this ruling that is filed with the Docket Office as Exhibit B. A stakeholder meeting to present the 2011 DEER update and answer clarifying questions will be scheduled for late November or early December, 2011

⁴ See, <http://deeresources.com> on the “DEER2011 for 13-14” planning page.

⁵ See, http://deeresources.com/index.php?option=com_content&view=article&id=68&Itemid=60.

⁶ For hard copies email or call Peter Lai at ppl@cpuc.ca.gov or (213) 576-7087.

at the Commission's office in Los Angeles, California. ED shall issue a notice to the service list within 7 days of the meeting providing the location, time, and agenda. Comments on this ruling are due within 30 days of the issuance of this ruling and replies are due 5 days after comments.

IT IS RULED that:

1. Parties may file and serve comments to the documents made available by this ruling within 30 days from date of its issuance.
2. Parties may file and serve reply comments no later than 5 days from the due date for comments on the documents made available by this ruling
3. All comments, reply comments, and other submittals made pursuant to this ruling shall be served on the service list in this proceeding pursuant to California Public Utilities Commission Rules 1.9 and 1.10.
4. The revised schedule for this phase of the proceeding is provided in Attachment A.

Dated November 17, 2011, at San Francisco, California.

 /s/ DARWIN FARRAR
Darwin Farrar
Administrative Law Judge

Attachment A – Revised Phase 4 Schedule⁷**Bridge Schedule**

Date	Milestone
	Ruling requesting comment: draft <i>ex ante</i> update, draft potential study
November 8, 2011	Comments on the October 25, 2011 Phase IV Scoping Memo.
November 14, 2011	Reply comments on the Phase IV Scoping Memo
November 5, 2011	IOU non-DEER work papers: IOUs begin working with Energy Division to incorporate updated DEER values or methods and applicable 2006-08 evaluation results.
November 7, 2011	Reply Comments on October 5, 2011 ruling.
Mid-November	Ruling requesting comment: draft programmatic guidance and Energy Division proposal(s) for 2013-2014 energy savings goals.
November 17, 2011	Stakeholder meeting to review draft DEER update.
November 18, 2011	Comments on proposal(s) for 2013-2014 energy savings goals.
30 days from the issuance of this ruling	Comments on draft programmatic guidance, draft <i>ex ante</i> update, draft potential study, and Energy Division proposal(s) for 2013-2014 energy savings goals.
35 days from the issuance of this ruling	Reply comments on draft potential study and draft <i>ex-ante</i> update.
December 2011	Comments and reply comments on draft programmatic guidance and Energy Division proposal(s) for 2013-2014 energy savings goals.
Late December 2011	Proposed Decision on Bridge Portfolio Guidance,

⁷ Any and all Revisions to the schedule were made in consultation with the Assigned Commissioner's Office.

	establishing <i>ex ante</i> data sets, cost-effectiveness, 2013-2014 energy savings goals, and programmatic guidance.
Late December 2011	Release of final <i>ex ante</i> dataset and final potential study.
Mid-January 2012	Comments and Replies on Proposed Decision.
Late January 2012	Final Decision on Bridge Portfolio Guidance.
Late April 2012	IOUs file Bridge Applications, including updated IOU non-DEER work papers incorporating updated DEER values or methods and applicable 2006-08 evaluation results.
June 2012	Comments and Replies on Bridge Portfolio Applications.
July 2012	Proposed Decision on Bridge Portfolio Applications.
August 2012	Final Decision on Bridge Portfolio Applications.
September 2012	Compliance Advice Filing (if necessary)
January 1, 2013	Bridge Portfolio Implementation Begins.

Post-Bridge Schedule

Date	Milestone
Q4 2011	Ruling releasing for comment (CE-2): Energy Division report on a framework for Phase 2 cost-effectiveness update
Q2 2012	Ruling releasing for comment: Draft Phase 2 cost-effectiveness model
Q3 2012	Ruling releasing for comment: draft goals study
Q4 2012	Proposed/Final Decision on Post-Bridge Portfolio Guidance
Q3 2013	IOUs file Post-Bridge Portfolio Applications
Q3 2014	Proposed/Final Decision on Post-Bridge Portfolio Applications
January 1, 2015	Post-Bridge Portfolio Implementation Begins

(END OF ATTACHMENT A)