

Docket:	:	<u>R.10-05-006</u>
Exhibit Number	:	_____
Commissioner	:	<u>Michael R. Peevey</u>
Admin. Law Judge	:	<u>Peter Allen</u>
Witnesses	:	<u>Barbara George</u>
	:	<u>and Martin Homec</u>

Order Instituting Rulemaking to Integrate  
and Refine Procurement Policies and  
Consider Long-Term Procurement Plans.

Rulemaking 10-05-006  
(Filed May 6, 2010)

**WOMEN'S ENERGY MATTERS  
REPLY TESTIMONY**

May 11, 2011

Barbara George, Executive Director  
Women's Energy Matters  
P.O. Box 548  
Fairfax CA 94978  
510-915-6215  
wem@igc.org

## **PREFACE**

This Reply Testimony was prepared by Women's Energy Matters (WEM) in the R.10-05-006 proceeding, the California Public Utilities Commission (Commission) Order Instituting Rulemaking to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans. In this testimony WEM presents its reply to parties' opening testimony.

WEM's witnesses' prepared qualifications are contained in Appendix A of this report.

## WOMEN'S ENERGY MATTERS REPLY TESTIMONY

WEM appreciates the opportunity to present this reply testimony, pursuant to the schedule in the pursuant to the ALJ's Scoping Memo of January 13, 2011 ("Jan. 13 Memo") as revised in the Feb. 28, 2011 Ruling.

### **Why do utilities' BPPs differ so much from CPUC Planning Assumptions?**

Julia May's testimony for Citizens for a Better Environment (CBE) expresses puzzlement why SCE insists that energy efficiency (EE) will be lower than the CPUC's Standardized Planning Assumptions. CBE comments that SCE "does not provide a rationale for rejecting CPUC's assumptions, aside from naming them 'unrealistic'..." CBE, pp. 8-9.

It's true that IOUs are low achievers – their 2006-08 EE programs reached less than 65% of the goals.<sup>1</sup> Apparently they assume program failure from now to 2020.

There is a precedent from the last LTPP for utilities using a 65% rate for EE in procurement. PG&E first proposed that the Commission count only 65% of the goals towards procurement. In the final decision, D0712052, as explained in WEM's Opening Testimony, only 20% was counted due to the lack of clarity about what was included in CEC's forecast.

Unfortunately, confusion remains:

The category of utility programs clearly presents opportunities for overlap with energy efficiency savings included in the 2009 IEPR demand forecast. CEC Committee Report on Incremental Impacts of EE Policy Initiatives Relative to the 2009 IEPR adopted Demand Forecast, May, 2010, p. 29.

However, for 2011-2020 there are other funding streams already pouring into EE programs. *These funding streams were not reflected in the IEPR forecast nor the CEC Report on Incremental Impacts of EE Policy Initiatives (CEC-200-2010-001-CTF), May 2010.*

(1) Currently the Energy Upgrade California program has approximately \$150 million of federal stimulus funds from the American Recovery and Reinvestment Act (ARRA) in addition to \$100 million of ratepayer funded utility "Whole House" funds.<sup>2</sup> The former Assigned

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<sup>1</sup> ED's final EM&V report for 2006-08 is posted at <http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EM+and+V/2006-2008+Energy+Efficiency+Evaluation+Report.htm>

<sup>2</sup> EUC is jointly administered by CEC, CPUC, IOUs and local government entities.

Commissioner and ED recommended that *utilities* should receive 100% attribution from dual-funded programs such as these.<sup>3</sup>

(2) Similarly, cities expected “PACE” funding to be attributed to utilities also. (“Property assessed clean energy” (PACE) where homeowners and businesses access funds for energy efficiency and solar and pay it off through property taxes — was blocked by Fannie Mae but legislation currently being considered in Sacramento is attempting to revive the idea in another form.)

(3) The Commission has ruled that funds resulting from cap and trade or other GHG reduction mechanisms will also be devoted substantially to energy efficiency. The proposed GHG allowance system in D0810007 steers all allowances to utilities by 2016. If utilities are still monopoly administrators of EE, the EE savings would also mostly likely be attributed to utilities.

(4) The results of all this EE spending could result in higher savings; even more if:

(a) Current efforts result in improvements, such as improved HVAC. For example, new HVAC initiatives may have better results than the *paltry 30 MW peak savings* reported for all of 2006-08 utility programs.<sup>4</sup>

(b) The Commission were to develop independent administration of energy efficiency — and/or if the decision in this proceeding provides for EE to be eligible to bid in Requests for Offers (RFOs) — and/or if California utilizes an EE Standard Offer system similar to one operating for the past decade in Texas. The following comparison demonstrates that Texas currently achieves twice the energy savings (GWh) per dollar and *four times* the peak savings (MW) per dollar as California:

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<sup>3</sup> “This memo proposes allowing energy IOUs to claim full credit in estimating gross impacts for all projects or programs which receive both IOU ratepayer and ARRA funds.” Energy Division memo dated Sept. 13, 2010, titled “APPROACH FOR DETERMINING ATTRIBUTION FROM IOU/ARRA DUALFUNDED PROGRAMS,” p. 1.

<sup>4</sup> EM&V of the CPUC HVAC High-Impact Measure Programs; 2006-2008 Program Year Final Consultant Report (Study ID: CPU0028.01) Submitted: February 10, 2010, Volume 1, pp. 99-100; posted at <http://www.calmac.org>

## Compare California EE results with Texas:<sup>5</sup>

	2006-08 California	CA cost per unit savings	2006-08 Texas	TX cost per unit savings
Total cost of portfolio	1,968,762,439		\$237,639,677	
CA - 85% of cost = electric	1,631,089,485			
CA - 15% of cost = gas	212,797,245			
Actual demand savings (MW)	776	\$2,101,919	533	\$445,853
Demand goal (MW)	1,407			
Actual energy savings (GWh)	4,093	\$398,507	1375	\$172,829
Energy Savings Goal (GWh)	6,599			

The numbers in this chart don't look the same as PG&E's supposed levelized costs, as quoted in Powers, p. 13. In part this is because the Cost-per-unit of savings is based on the entire portfolio costs, although Calif. portfolios have several items that are not expected to show savings impacts and are generally not included in "cost-effectiveness" calculations (e.g. marketing, workforce education & training, "emerging technologies" and other pilot programs, as well as spending on energy conferences). In addition, Calif. Evaluation, Measurement & Verification (EM&V) was not included in these budgets — it adds about 6% to the 06-08 program costs. Calif.

"shareholders incentives" (utility profits) totaling \$212 million may also be considered part of the costs, but are not included in these calculations. However, if anything Texas programs are even more cost-effective than this chart shows, because there are no shareholders incentives in Texas, while evaluations, marketing and training ARE included in Texas budgets.

### PG&E's load forecast needs review

Instead of honestly assessing what's changed since the IEPR, PG&E uses the Planning Assumptions in part to obscure what's actually happening. As Power asserts, "The 2009 IEPR load value is outdated, but contrary to PG&E's assertions, recent data shows that PG&E's load is lower than the value in the 2009 IEPR." Pacific Environment, Powers, p. 5.

PG&E pretends to adhere to the mandated assumptions, but their charts, pp. 95-96 indicate that something quite different is happening. Most significantly, the energy surplus of 56% by 2020 — which is apparent in the Planning Assumptions and was illustrated in WEM's Excess Energy Chart submitted with our opening testimony — has all but disappeared!

*Powers notes that PG&E's reserve margin is between 60-100%. Ibid p. 8.*

<sup>5</sup> Read Texas reports for 2006, 2007, and 2008 at:  
<http://www.texasefficiency.com/layout/inside.php?pgID=42&sn=Reports#EE%20A%20Report>  
 See fn. 1 above for link to report on Calif. 2006-08 programs.

The Commission should explore exactly what has happened.

### **Loading order is not being implemented**

Powers demonstrates that “PG&E’s plan does not follow the loading order, could lead to overprocurement of fossil fuel resources, and crowd out renewables.” Ibid, p. 5. As Powers points out, the last LTPP “admonished the IOUs, including PG&E, for filling their net short positions with conventional resources.” Ibid, p. 5. However, PG&E presents a long list of fossil fuel power plants approved since then and/or carried over from 2004; some were given “intermediate” contracts (five years or less). PG&EBPP pp. 59-60.

PG&E signaled that the loading order is being overwhelmed by other considerations:

The BPP balances three primary objectives: (1) assembling a portfolio of reliable and operationally flexible resources; (2) supporting development of environmentally preferred resources; and (3) managing customer price and price volatility. PG&EBPP, p. 60.

PG&E’s Table V-4, GHG emissions shows GHG emissions starting at 15.1 (physical MMT CO<sub>2</sub>e) and mostly *increasing* from 2011 to 2019 (always staying higher than 15.1) and then *suddenly dropping to 14.8 in 2020*. The final year drop lacks credibility, and the increases are very troubling. *This table proves that the loading order is not driving PG&E’s plan.*

### **Make Renewable Distributed Generation eligible to meet peak**

Bill Powers’ opening testimony for Pacific Environment provides further technical basis for the kind of renewable, efficient energy system that WEM has proposed in our Alternative BPP (WEMBPP). This demonstrates the practicality and feasibility of WEM’s proposal.

Powers’ argues that renewable DG should be made eligible to meet peak load. Powers, p. 9. This complements WEM’s discussion of the need to make EE resources eligible.

In PG&E’s General Rate Case, the company stated that it does not track the location of solar installations. We noted that this is absurd, because the utility has to visit the property to approve them — and it monitors the net metering resource cap of 2.5%. But this is similar to the company ignoring *where* energy efficiency resources save energy.

Until these small resources are properly counted, California’s loading order will remain lip service, not reality.

**MEA comment – PG&E completely missed CCA departing load**

Marin Energy Authority pointed out that PG&E left out any departing load for Community Choice Aggregators (CCAs). While the 2009 IEPR predated the launch of MEA — one year ago on May 7<sup>th</sup>, 2010 — PG&E is clearly aware that MEA is serving customers and will expand next year — and other CCAs are gearing up as well. This is another example of PG&E’s belligerent attitude not only towards CCAs, but also towards the CPUC. While the company claims to be following CPUC’s requirements, in reality it is thumbing its nose.

**Appendix A**  
**QUALIFICATIONS AND PREPARED TESTIMONY**

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
MARTIN HOMECEC**

Q1. Please state your name and business address.

A1. My name is Martin Homece. My business address is P. O. Box 4471, Davis, California 95617

Q2. By whom are you employed and in what capacity?

I am an attorney in private practice and I am working with Women's Energy Matters in the R1005006 proceeding.

Q3. Please describe your educational background and professional experience.

A3. I received a B.A. in Physics from the University of California. I worked for the CPUC from 1983 through 2007.

Q4. What is the purpose of your testimony?

A4. I am sponsoring WEM's testimony on renewables interconnection issues.

Q5. Does this complete your testimony?

A5. Yes, it does.

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
BARBARA GEORGE**

Q1. Please state your name and business address.

A1. My name is Barbara George. My business address is P. O. Box 548, Fairfax, California 94978.

Q2. By whom are you employed and in what capacity?

I am the Executive Director of Women's Energy Matters (WEM) and I am working with WEM as an advocate in the R1005006 proceeding.

Q3. Please describe your educational background and professional experience.

A3. I received a B.A. in Theater and English from Stanford University. I have been WEM's principle advocate in multiple CPUC proceedings since 2001. I have worked in many capacities on energy policy issues since the 1970s, particularly supporting energy efficiency and renewables, and analyzing the dangers of nuclear and fossil fuel power.

Q4. What is the purpose of your testimony?

A4. I am sponsoring WEM's testimony on energy systems, energy efficiency, and nuclear issues.

Q5. Does this complete your testimony?

A5. Yes, it does.