

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Examine the  
Commission's post-2005 Energy Efficiency Policies,  
Programs, Evaluation, Measurement and Verification,  
and Related Issues.

**R. 06-04-010**

**WOMEN'S ENERGY MATTERS  
COMMENTS ON ENERGY EFFICIENCY STRATEGIC PLAN**

March 24, 2008

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**WOMEN'S ENERGY MATTERS  
COMMENTS ON ENERGY EFFICIENCY STRATEGIC PLAN**

Women's Energy Matters (WEM) respectfully submits these comments on the *California Energy Efficiency Strategic Plan* ("Plan") filed by utilities on February 8, 2008 and modified on March 6, 2008.

**Illegal process: Who should be in charge of Strategic Planning?**

WEM's attached Motion outlines the reasons why WEM believes the strategic planning process is illegal and should be corrected by the CPUC.<sup>1</sup> Nevertheless, we provide the following comments on the utilities' Plan.

**Introduction**

The utilities held one informational meeting on their Strategic Plan in each of the large electric utility territories. WEM participated in the one in PG&E's territory.

As we stated at the meeting, WEM believes that what is left out of the Plan is as significant as what is there.

**The Plan ignores the legal right of Community Choice Aggregators to administer their own energy efficiency programs**

As noted in our attached Motion, The CPUC wrongly placed utilities in charge of the current, substantive process of strategic planning, abdicating its responsibility to administer state and federal laws fairly on behalf of California ratepayers. Specifically, AB117, the Community Choice law passed in 2002, provides for "any party to apply to administer cost-effective energy efficiency programs." The Commission has failed to write rules by which any party could apply to administer these programs, and compounded this failure by placing utilities in charge of the process of creating a Strategic Plan to which Community Choice Aggregators (CCAs) would be expected to adhere.

The Commission should correct these deficiencies by:

- providing a process by which CCAs may apply to administer energy efficiency programs;

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<sup>1</sup> Motion submitted to CPUC March 24, 2008.

- providing a process (and funding) for CCAs to create their own Strategic Plan. The IOUs' Plan appears to assume “collaboration” and compliance with an IOU-run planning process that purportedly encompasses energy efficiency for all state entities, including entities that CPUC does not regulate (e.g. publicly-owned utilities (POUs)) as well as Community Choice Aggregators (CCAs), which have the legal right to administer — and therefore plan — their own energy efficiency programs.

***Where are energy savings located? Coordinate energy efficiency and procurement planning to reduce peak demand at strategic locations.***

At the San Francisco meeting on the Strategic Plan, WEM asked whether utilities intend to reveal in the future where and when energy is being saved, and where the utilities spent the funds. The [mumbled] answer was no.

We note that the March 14 Ruling makes a parenthetical reference (p. 4) to geographic location of energy efficiency as a potential factor to be measured. We applaud the Commission for raising this issue at long last, as WEM has recommended. However, measurement is only part of the solution. It is even more important to consider geographic location and time of day of energy savings in *planning* for energy efficiency and procurement.

For several years, in both energy efficiency and procurement proceedings, WEM has urged the Commission to require utilities to proactively utilize energy efficiency to reduce demand on specific wires and substations that would otherwise require increased supplies. Only then can California honestly claim to “defer or displace” supply side resources with energy efficiency.

In Evidentiary Hearings in the procurement proceeding (R0602013) in June 2006, WEM elicited sworn testimony from PG&E's top procurement and energy efficiency executives to the effect that their departments do not communicate with each other; the utility is not required to reveal the location of energy efficiency to the CPUC – nor to their own procurement depts.

The Plan continues to allow utility procurement to ignore energy efficiency. Any energy efficiency provider (not just utilities) should be allowed to fully compete in all

procurement RFPs. It is particularly appropriate to reduce air conditioning load, however PG&E's top procurement planner testified that he had never considered this possibility. In Evidentiary Hearings in procurement, Mr. Alvarez disqualified the use of energy efficiency to address peak load, on the grounds that it was not dispatchable. He did not acknowledge the fact that energy efficiency does not need to be dispatchable because it simply *eliminates* peak load.

Clearly, there is a long-overdue need for the Commission to require coordination of energy efficiency with procurement, as WEM has recommended for many years in both energy efficiency and procurement proceedings.

There is also a need for further exploration of *all* the energy efficiency measures that reduce peak. It is clear that air conditioning is largely responsible for the huge spikes in demand in California on hot summer days. The Plan emphasizes improved efficiency in air conditioning, but it should recognize that many other EE measures are also effective in decreasing air conditioning load — including insulation, duct testing, reducing heat from lighting and refrigeration, and better building design/retrofits (e.g. overhangs, passive solar design).

Most importantly, the Commission needs to address the current disconnect between energy efficiency and procurement, and coordinate the use of targeted energy efficiency to reduce peak load.

***Where is energy efficiency money spent?***

In Evidentiary Hearings in procurement cited above, WEM elicited testimony from PG&E's energy efficiency witness that confirmed the fact that there is no requirement for the utilities to reveal *where* they spend energy efficiency funds. Clearly, this allows utilities to use energy efficiency money as a political slush fund.

The CPUC should immediately commission an investigation of the utilities' abuse of energy efficiency funds for special favors as well as marketing, education and advertising to oppose ratepayer self-determination through Community Choice, Public Power and Direct Access.

In the future, the Commission should require full transparency regarding the *geographic location* of energy efficiency spending, in both planning and measurement of all aspects of these programs.

**Infrastructure development; utilities should not control education and training**

WEM has previously asked the CPUC to commission a serious, independent, professional evaluation of utility-sponsored education and training programs, including a financial audit. To our knowledge this has not been done.

In particular, WEM has questioned the exorbitant funds provided for PG&E's Pacific Energy Center, and the lack of information about solar water heating (or renewable technologies) at that venue.

D0710032 Finding of Fact #17 asserted:

Because the state appears to have a shortage of well-trained energy efficiency technicians and professionals, expanded training programs are needed to assure the effective and widespread implementation of energy efficiency programs.

There is a second reason for the shortage, and a different solution. Infrastructure development is not a function of education and training alone. There must be attractive opportunities for entrepreneurs as well as workers, but the utilities award large contracts year after year to the same contractors. There is precious little opportunity for new people to get a foothold — especially if their ideas do not find favor with utilities.

The advent of third party programs and partnerships promised improvement, but original thinking has been squelched there as well, since the Commission put utilities in charge of selecting third party programs and partnerships, and allowed utilities to override their program designs.

Most importantly, the Commission should understand that *third parties train their own workers, out of program funds*. Third parties WEM interviewed revealed that utility-sponsored trainings were generally not available to workers in third party programs; they also commented that utilities' training programs were inadequate; they found that workers who had taken utility trainings needed to be retrained.

Unfortunately, the Plan envisions *expanding* utility-sponsored education and training programs, even promoting utility inroads into CA high schools, colleges, technical schools and adult education. This is inappropriate, on several grounds:

- The Plan encourages privatization of existing state and local education programs, with no bidding process to determine the quality of the proposed programs or the best use of funds;

- Community Choice Aggregators have the legal right to administer their own energy efficiency programs. This must include the right to provide education and training untainted by utilities;
- Utilities exclude third party educators and third-party workers from their existing programs;
- Utilities use education and training programs for self-promotion and greenwashing;
- The questionable quality of existing utility-run education and training;
- The lack of transparency of utilities' use of education and training funds.

For all these reasons, the Commission should investigate the quality of current education and training programs, conduct a financial audit, and determine to what extent the utilities have misused these funds for the purpose of corporate promotion and greenwashing. The Commission should not allow utilities to control education and training programs in the future.

#### **Marketing, Education and Outreach (ME&O)**

In the ME&O workshop on the Strategic Plan, WEM requested information on the amount of energy efficiency funds that may have been utilized for utility advertising programs, such as the large green ads PG&E has been running for the past year on the front page of the San Francisco Chronicle, and the ubiquitous advertising by both PG&E and (Edison-run) Flex-Your-Power on the Chronicle's website. No information was forthcoming. To WEM's knowledge, there is little transparency on the use of energy efficiency (and renewables) ME&O funds.

The Commission should require detailed reports on the use of ME&O funds, including expenditures for specific advertising campaigns, and should investigate utilities' misuse of these funds for corporate greenwashing, especially in Community Choice jurisdictions such as San Francisco.

#### **Should energy efficiency address only 1%, not 99% of CA homes?**

The Building Industry Association commented at the San Francisco meeting that new homes comprise only 1% of California's building stock. The downturn in construction will further reduce these numbers. The Plan envisions a concentration of energy

efficiency efforts on new construction. This shortchanges the vast majority of ratepayers, who live in existing homes.

It also ignores the large untapped potential for cost-effective energy savings in existing homes. Past programs of utilities have emphasized non-residential applications. Current programs were allowed to provide even less funding for residential energy savings, on the discredited assumption that energy efficiency in any sector would reduce the cost of power because it would defer or displace more costly supply side resources. In particular, multi-family residences have received the least energy efficiency funding, in proportion to energy efficiency funds extracted from these ratepayers. The Commission should redress these imbalances by requiring efficiency to be prioritized in the residential sector for existing homes, particularly for multi-family units.

**Expand On-Bill Financing to all sectors and all utilities**

On-bill financing (OBF) is currently available in small pilot programs in the commercial sector only. PG&E currently provides no OBF program. The Plan mentions OBF only once, in a chart p.33 titled “Commercial Sector Implementation Plan.” All utilities should be required to offer OBF, in all sectors, including residential.

Dated: March 24, 2007

Respectfully Submitted,

/s/ Barbara George

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**CERTIFICATION OF SERVICE  
R0604010**

I, Barbara George, certify that on this day March 24, 2007 I caused copies of the attached **WOMEN'S ENERGY MATTERS COMMENT ON ENERGY EFFICIENCY STRATEGIC PLAN** to be served on all parties by emailing a copy to all parties identified on the electronic service list provided by the California Public Utilities Commission for this proceeding, and also by efileing to the CPUC Docket office, with a paper copy to Administrative Law Judge(s) Meg Gottstein, Steve Weissman and Kim Malcolm, and Presiding Commissioner Dian Grueneich.

Dated: March 24, 2007 at Fairfax, California.

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(Electronic service List attached to original only)

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