



**FILED**

03-28-07  
01:13 PM

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

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Low Income Energy Efficiency Programs of California's Energy Utilities.

Rulemaking 07-01-042  
(Filed January 25, 2007)

**SCOPING RULING FOR THE COMMISSION'S RULEMAKING ON THE  
LOW INCOME ENERGY EFFICIENCY PROGRAMS OF  
CALIFORNIA'S ENERGY UTILITIES**

This scoping ruling provides guidance to the parties regarding the procedures and management of this rulemaking following a prehearing conference held in this proceeding on March 7, 2007. The Commission issued this rulemaking to refine the policies, rules and programs for the Low Income Energy Efficiency (LIEE) programs of California utilities.

**1. Scope of the Rulemaking**

Rulemaking (R.) 07-01-042 identified the following issues to be addressed in this rulemaking in the coming year:

- **Program Objectives** - As California's energy needs and demographics change, and energy efficiency markets and technologies evolve, we believe we should reconsider our program objectives and priorities. For example, in the administration of LIEE programs, how important is equitable access by low income communities to LIEE programs? Cost-effectiveness? LIEE programs as an energy resource? The safety and comfort of low income customers? Technology development? The answers to these questions should guide the goals that are set and

allocation of funds to program elements and technologies.

- **Goals-based Budgeting** – Decision (D.) 06-12-038 stated the Commission’s commitment to developing strategic goals for LIEE programs and then developing budgets accordingly. The Commission issued the “KEMA” needs assessment in late 2006, providing a foundation for this approach. Key issues we need to address include: How should the universe of LIEE participants be defined? Should criteria for program participation be changed or clarified? How should program priorities be set and defined in a given budget period? In developing program priorities, what should be the target populations? How should those priorities be translated into program goals and how should they be reflected in utility budgets?
- **Processes for Considering Program Improvements between Utility Budget Cycles** – Our intent is to move to a three-year program funding cycle beginning in 2009. Currently, the utilities are required to meet with interested parties about program elements between budget cycles, as set forth in D.06-12-038. Is this an adequate way for the utilities to become informed about program issues and make program changes that are responsive to Commission objectives? If not, what type of forum or group is appropriate for this purpose and what type of authority or discretion should it have, if any?
- **Cost-benefit models** – What models are the utilities using now in their impact studies? Should those models be changed? How should cost-benefit analyses of low income programs be applied? Should they be used to prioritize program elements? Improve them? Eliminate some? Are impacts on green house gasses appropriately reflected in the assessment of program benefits and, if not, how should they be reflected?

- **California Solar Initiative (CSI) Program** - The Commission is conducting a rulemaking to implement its CSI, which provides various incentives for customers and businesses to install solar technologies. The Commission has determined that 10% of CSI funds should be set aside for low income customers and projects. Since the issuance of that order, the California Legislature enacted Assembly Bill (AB) 2723, which defines the low income component of the CSI with more specificity. To what extent should LIEE be coordinated with the low income portion of the CSI?
- **Evaluation, measurement and verification (EM&V)** - What should EM&V study and measure? How often should such studies be conducted and used? How does the Commission's inclusion of LIEE results in energy efficiency goals affect program evaluation?
- **Integration of the LIEE program with Energy Efficiency Programs** - The Commission has traditionally considered LIEE programs separately from other energy efficiency programs. Recently, the Commission included LIEE as part of the performance goals of the utilities and stated the Commission's intent to treat LIEE more as a resource program, which conceptually makes LIEE more like energy efficiency programs than a subsidy program. How, if at all, should the two programs be merged from the standpoint of budget and program review and management, procurement and for the purpose of strategic development?
- **Gas Furnace Programs and Natural Gas Appliance Testing (NGAT)** - What policies and practices should apply to gas furnace repairs and installations for low income customers? What are the effects of NGAT on program participation and how can the Commission balance safety and program participation objectives?
- **AB 2104** - AB 2104 requires the Commission to adopt, no later than January 1, 2008, a process for improving electric and gas utility applications and outreach to

tenants at master-metered properties, such as mobile home parks and apartment buildings. In this proceeding, the Commission will adopt the process required under AB 2104. What should the utilities do to implement this statute?

- **Renter Access** – Some parties have raised concerns that some LIEE programs may not be adequately marketed or provided to tenants. What problems exist for renters in both single and multi-family dwellings and what steps should be taken?
- **Water Conservation Programs** – In R.06-04-010, the Commission has begun a review of how water conservation programs can be developed to increase energy efficiency savings. Programs are needed that target low income customers. What types of programs for low income customers should be developed? What kinds of energy savings are possible from programs that target low income water customers?
- **Program Management and Administration** – Can any improvements be made in the current administration of LIEE programs? Should community-based organizations be more involved? How much involvement should the Commission have in ongoing program oversight? Can the Commission or the utilities do more to include input from low income customers in program development and administration?

Subsequently, on February 26, 2007, several parties filed comments on these several issues, the extent to which they should be considered priorities, and how their exploration should be managed. These matters were also addressed summarily at the prehearing conference. Generally, the parties did not object to the administrative law judge's (ALJ) characterizations of the parties' comments or her proposal to: (1) consider program objectives immediately, followed by a discussion of more specific program goals; (2) consider gas furnace and renter

issues high priority issues; and (3) provide opportunities for parties to address the utilities' implementation of AB 2104 in this docket. The parties appeared to agree that work on low income energy efficiency cost-effectiveness models and water conservation programs should build on the work already accomplished for energy efficiency programs in other dockets. Commission staff and the ALJ confirmed that development of parameters and policies for the low income solar incentives program will be addressed in R.06-03-004.

## **2. Questions on LIEE Program Objectives and Goals**

On March 23, 2007, the Commission conducted a workshop on how the Commission should articulate broad program objectives and goals. The Commission intends to issue a decision on these matters, which would inform the discussion and resolution of other issues that are topics of the rulemaking, and ultimately the structure of utility programs for 2009 and beyond.

At the workshop, the parties explored the how the Commission should define broad program objectives, and how it should articulate and prioritize those objectives. They also responded to a broad goal proposed by the ALJ and discussed in some detail how that proposed goal might influence program design and funding. At the end of the workshop, the ALJ stated her interest in getting the parties' written comments on the following.

1. Discuss whether these are the appropriate broad program objectives for LIEE and, if they are not, propose others:
  - Affordability of energy services by low income customers;
  - Reducing the burdens of energy bills of low income customers;
  - Equity for low income customers;
  - Safety and comfort of low income customers;

- Energy system reliability and cost-effectiveness (LIEE as an energy resource); and
  - Environmental quality and reduction of green house gasses.
2. Given the broad program objectives for LIEE and assuming there are multiple objectives that are potentially competing, how should the Commission articulate those objectives and prioritize them?
  3. Comment on whether the following broad goal statement is a reasonable one from the standpoint of law, Commission policy and community needs:

To assure that the residence of every low income customer in California is energy efficient by 2015.
  4. How should the Commission define the elements of the proposed goal statement to assure that it is clear, efficacious, and reasonable? (That is, how should the Commission define “energy efficiency” for the purpose of meeting its LIEE program goals?)
  5. Should the broad program goal be applied to all program elements or should the Commission treat some program elements separately from the goal statement?
  6. Are there other broad program goals the Commission should consider? For example, should the Commission set a goal in terms of energy savings?
  7. What questions must the Commission address in order to implement programs toward the broadly stated goal? For example, questions might include: (1) how should utilities’ current LIEE programs be modified to recognize the goal? (2) what types of strategies would be required to meet the goal? and (3) should the Commission apply the goal to only a subset of measures?

8. What kind of criteria should the Commission consider in determining strategies for meeting the goal, and how generally should those criteria be ranked? For example, the Commission may need to consider cost-effectiveness, the health and safety of low income customers and the efficacy of the strategy for meeting the goal.

The parties' comments may also address other issues that are related to defining program objectives and more specific goals.

At the workshop, the utilities agreed to include in their comments a very rough estimate of the costs of meeting this goal, which would reflect how they envision implementing programs to meet the goal. They would also include an estimate of the number of households in need of energy efficiency measures. Other parties are encouraged to do the same. These estimates would be provided with the understanding that no party is committing to their precision or accuracy and that they would be used only as a way of measuring the preliminary impact of the Commission's program objectives and goal.

### **3. AB 2104**

AB 2104 requires the Commission to adopt measures that would improve utilities' applications and outreach to customers in master-metered properties who may be eligible for CARE rate discounts. Intervenors at the prehearing conference stated concerns about existing practices, which the Commission may address in this docket. This matter does not need to be delayed for the issuance of a Commission order on LIEE program objectives and goals. Accordingly, this ruling schedules a workshop to address whether the utilities are implementing or have a strategy to implement the requirements of AB 2104 and, if not, how the utilities efforts in this regard require modification.

**4. Renter Access**

This ruling schedules a workshop on topics concerning LIEE programs for renters, as described in R.07-01-042. The Commission will issue a more detailed agenda for this workshop at a later date.

**5. Proceeding Schedule**

R.07-01-042 stated the Commission's intention to consider first those issues that are time-sensitive and those that most immediately implicate equity, participation or costs.

On the basis of the rulemaking guidance and the insights of the parties so far, we set forth the following procedural schedule:

|                         |  |
|-------------------------|--|
| March 23                | Workshop on LIEE program objectives generally and more specific program goals  |
| April 17, 2007, 10 a.m. | Workshop on AB 2104<br>Commission Training Room A<br>State Office Building, 505 Van Ness Avenue<br>San Francisco, CA 94102     |
| April 27, 2007          | Comments to be filed on topics addressed in March 23 workshop  |
| May 8, 2007             | Reply comments to be filed on topics address in March 23 workshop  |
| May 10, 2007, 10 a.m.   | Renter Access Workshop<br>Commission Training Room A,<br>State Office Building, 505 Van Ness Avenue<br>San Francisco, CA 94102 |

This scoping ruling does not schedule forums for addressing other issues at this time because those workshops would likely be most productive after the issuance of a Commission decision addressing program objectives and goals. The assigned ALJ or Energy Division staff will schedule additional workshops or



other forums for addressing other issues, and an additional scoping memo will be issued on these issues.

## **6. Categorization of the Proceeding**

R.07-01-042 preliminarily determined the category of the proceeding is “quasi-legislative,” as defined in Rule 1.3(d) and found that hearings are not likely to be needed. No party has objected to either finding and this ruling affirms them. Ex parte communications are therefore permitted without restriction or reporting requirements.

## **7. Intervenor Compensation**

Consistent with Article 17 of the Commission’s Rules of Practice and Procedure, notices of intent (NOI) to claim compensation in this proceeding are due April 6, 2007, 30 days from the prehearing conference. Each NOI should describe the intervenor’s planned participation and interest. Parties should coordinate their work to avoid duplication of effort. Requests for compensation in this proceeding, must comply with all Commission rules and Section 18010 et seq. Generally, each must demonstrate: (1) a substantial contribution to a Commission order, decision, or proceeding by an advocate or expert witness; (2) the intervenor avoided duplication or effort, or contributed, supplemented or complemented the work of another party; and (3) the compensable work conducted in the proceeding benefited ratepayers. Requests must allocate hours to each of the specific issues addressed. For additional information about the intervenor compensation program, parties may contact the Commission’s Public Advisor at [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

**IT IS RULED** that:

1. The scope and schedule for this proceeding is set forth herein.

2. The preliminary categorization of “quasi-legislative” and finding that no hearings are necessary for this proceeding are affirmed.

3. Intervenors shall file their NOIs by April 6, 2007, consistent with the direction in this scoping memo.

Dated March 28, 2007, at San Francisco, California.

/s/ DIAN M. GRUENEICH

Dian M. Grueneich  
Commissioner