

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

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

**REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES
ON SCOPING RULING REGARDING POLICIES, PROCEDURES
AND RULES FOR THE LOW INCOME ENERGY EFFICIENCY
PROGRAMS OF CALIFORNIA'S ENERGY UTILITIES**

I. INTRODUCTION

On March 28, 2007, the Commission issued a Scoping Ruling to provide guidance regarding the Low Income Energy Efficiency (LIEE) programs of the California utilities. Parties responded with written comments by April 27, 2007. The Commission should note the broad support from parties for the goal of making all residences energy efficient by 2015. Utilities estimate that this goal can be achieved by doubling or tripling current LIEE funding, an increase consistent with recent Commission-approved increases for funding non-LIEE energy efficiency programs and other activities, such as the California Solar Initiative. While a number of issues were raised by parties, some of which DRA responds to below, whether or not to expand LIEE funding should no longer be considered a question.

DRA's reply comments address the following three issues:

- ACCESS recommends making use of additional resources beyond ratepayer funding, such as government and private investors. DRA agrees that all additional sources of funding and means of mitigating costs to ratepayers should be explored, and that the Commission should initiate such efforts expeditiously. However, investigation into additional means of funding or otherwise obtaining energy efficiency at lower cost to ratepayers should not unnecessarily delay expansion of existing LIEE funding and goals.
- A number of parties have recommended that the Commission analyze the costs and benefits of LIEE measures to evaluate the relative efficacy and cost-effectiveness of the measures. While DRA agrees that further evaluation of LIEE measures is necessary, such a review should not unnecessarily delay expansion of existing LIEE funding and goals.
- The CPUC's proceeding on Solar Incentives for Low Income Communities (R.06-03-004) in response to the California Solar Initiative should be coordinated with LIEE efforts.

II. DISCUSSION

A. Costs and Funding Mechanisms for an Expanded LIEE

Comments submitted by ACCESS¹ indicate that LIEE installations to at least 120,000 residential units per year, and costing an estimated average of \$2500 per unit, would require in excess of \$300 million in annual funding. Each of the utilities submitted similar forecasts of the costs of achieving the proposed 2015 goal, roughly doubling or tripling the existing funding of LIEE programs. This necessary level of expenditures is similar to the increase enacted by the Commission in recent years for other, non-LIEE energy efficiency programs, which

¹ ACCESS, Opening Comments of the Association of California Community and Energy Services On LIEE Program Goals and Objectives, 4/27/07 (Comments), at 3.

have tripled in the last five years. It is also of similar magnitude to the funding that has been approved to subsidize customer-owned solar photovoltaic systems under the California Solar Initiative.

ACCESS also recommends that the Commission make optimal use of the combined resources of utility ratepayers, government, and private investors.² DRA agrees that all efforts should be made to mitigate the costs that ratepayers will bear to fund increases in LIEE programs, which includes exploring other sources of funding as ACCESS recommends as well as looking at other means of increasing the market penetration of energy efficiency measures, such as building and appliance standards. The Commission should expeditiously explore alternative sources of funding along with expanded ratepayer funding. DRA suggests that workshops or assigning a group of parties with expertise in this area to develop alternative funding proposals for Commission consideration would be timely and effective ways of addressing this issue.

B. Evaluation of Benefits and Costs

TURN and a number of parties address the need for detailed data about the existing program's expenditures per residential unit and the consequent energy savings; typical bill reductions; improvements in health, safety and comfort; state energy resource base impacts; and greenhouse gas reductions. Once the costs and benefits of the current program are better understood, the Commission will have a better basis to expand the program and expect effective improvements for low income households and related energy resource requirements.

² ACCESS, Comments at 1.

C. Coordination of Low Income Solar Incentives with LIEE

DRA participated in the Commission's April 30, 2007 workshop on the California Solar Initiative (CSI) Low Income Incentive Program for Single-Family Homes (part of R.06-03-004). While the set-aside of a portion of CSI funds for low-income homeowner photovoltaic installation was included in the spirit of equitable treatment, low income homeowners continue to face major obstacles which severely limit the usefulness of such a program at this time. Preliminary questions of proper home weatherization and appliance efficiency should be addressed as part of any decision to install photovoltaic panels. In addition, LIEE has an outreach structure that could eliminate much useless outreach by a separate CSI low income program.

DRA proposes that the Commission consider the overlaps in outreach and the expediency of performing energy efficiency improvements to low-income households prior to considering solarization. For example, with respect to LIEE energy audits, auditors could effectively determine during visits which dwellings are good candidates for eventual solarization based on structural, building orientation, tree shading, and other considerations.

III. CONCLUSION

There is broad support among the parties in this proceeding for the proposed goal of making all LIEE residences energy efficient by 2015. The estimated costs of achieving this goal are comparable to funding levels approved by the Commission for other energy programs. While there are issues to address regarding LIEE program design and funding, the Commission should not unnecessarily delay increasing the size and scope of these programs.

Respectfully submitted,

/s/ SELINA SHEK

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May 8, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a certified copy of the foregoing document **REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON SCOPING RULING REGARDING POLICIES, PROCEDURES AND RULES FOR THE LOW INCOME ENERGY EFFICIENCY PROGRAMS OF CALIFORNIA'S ENERGY UTILITIES** on all known parties to **R.07-01-042** by mailing prepaid postage, first-class, a copy thereof properly addressed to each party.

Executed May 8, 2007 in San Francisco, California.

/s/ JANET V. ALVIAR

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