

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



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Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation and Related Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

**NOTICE OF EX PARTE COMMUNICATION OF SIERRA CLUB
AND NATURAL RESOURCES DEFENSE COUNCIL**

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March 27, 2019

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Pursuant to Rule 8.4 of the Commission's Rules of Practice and Procedure, the Sierra Club and the Natural Resources Defense Council (NRDC) submit this notice of ex parte communication in the above-captioned matter.

On March 22, 2019 at 1 p.m., Rachel Golden and Alison Seel, representing Sierra Club, and Lara Ettenson, representing NRDC met with Rachel Peterson, Chief of Staff for Commissioner Randolph. The meeting took place over the phone and lasted approximately twenty minutes; no written materials were exchanged. The meeting was requested by Sierra Club and NRDC to discuss the importance of the Commission taking action to revise the Three Prong Test.

Ms. Seel began the meeting by walking through the main recommendations Sierra Club and NRDC made in their comments on the test, filed in July 2018. The groups advocated for the three prong test to be simplified into two requirements: fuel substitution should not increase (1) non-renewable energy use or (2) greenhouse gas emissions, when the energy use or emission of the new technology is compared to most efficient same-fuel technology offered by energy efficiency programs. This revision would place electric and gas appliances on equal footing by allowing a direct comparison of the gas burned in an efficient gas water heater to the gas burned to deliver grid electricity to an efficient electric water heater.

Ms. Ettenson added that, in the July comments, Sierra Club and NRDC also recommend that fuel substitution programs, like all energy efficiency programs, be wrapped into the overall efficiency cost-effectiveness portfolio, meaning fuel substitution programs would not be required to pass cost-effectiveness tests on a measure level. She also noted that she did not believe any

other states had modeled their own fuel substitution programs after California's Three Prong Test, so she believed revision of the test would not negatively affect other jurisdictions.

Ms. Golden closed the meeting by emphasizing that the California Air Resources Board, California Energy Commission (CEC), and many independent research groups have all identified that California needs to shift building energy use to clean electricity as a first fuel. Yet, as the CEC called out in its recent Integrated Energy Policy Report, the current Three Prong Test is a major barrier to building decarbonization. Ms. Golden explained that although this test has a reputation as a hopelessly complicated and highly technical issue, many stakeholders who want to move forward on beneficial building electrification – including cities, counties, community choice aggregators and utilities – are eagerly awaiting progress to reform the test.

Dated: March 27, 2019

/s/ Alison Seel

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