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

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

May 9, 2019

Lara Ettenson
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NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.2, 8.3, and 8.5 of the California Public Utilities Commission's Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) hereby gives notice of the following ex parte communication over the phone on May 8, 2019 at 11am for approximately one-half hour. The meeting was with Rachel Peterson, advisor to Commissioner Randolph. Lara Ettenson, Director of NRDC's Energy Efficiency Initiative; and Mohit Chhabra, Senior Scientist, discussed NRDC's priorities on energy efficiency and the need to align the CPUC's energy efficiency rules and policies with the state's ambitious climate and equity goals.

In particular, Ms. Ettenson and Mr. Chhabra discussed the following items within the context of ensuring prudent use of customer funds and fulfilling the Commission's obligation to ensure safe, reliable, and affordable energy services.

1. The current framework measures the value of efficiency predominately as a clean energy resource and has not been sufficiently updated over the past several years to match our longer-term climate and equity goals. Furthermore, efficiency is artificially constrained (unlike other resources), which leads to purchasing more expensive and dirtier power and prohibits administrators and implementers from fully reaching customers, most notably those that are hard-to-reach or are in disadvantaged communities.
2. We have increasing climate and clean energy targets and yet the energy efficiency potential study shows continual decline, which is at stark odds to other leadership states (like Massachusetts) that continue to find 2-3% savings as a percent of retail sales per year. Part of the reason for this is: (a) the cost-effectiveness screen for the potential study; (b) challenges with certain cost-effectiveness assumptions; (c) using the Total Resource Cost test (TRC) instead of the Program Administrator Cost test (PAC), the latter would more accurately measure the cost to the customer of the utility choosing efficiency over more expensive options; and (d) the extremely constrained timeframe for the potential study, which does not allow for a holistic review or discussion of the approach and process.
3. There are multiple solutions to address these issues and to better align the Commission's policies/rules with the state's objectives, including: (a) launching an effort to re-envision the role of efficiency given the new state direction and then setting policy rules that match that vision, (b) relying more heavily on existing forums as a way to collaboratively develop and/or

vet proposals and to solve for various challenges, and (c) exploring new approaches based on national best practices.

NRDC also noted that they, in collaboration with other stakeholders, are discussing ideas for how to address the challenges raised in the meeting.

Dated: May 9, 2019

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Lara Ettenson", with a long horizontal flourish extending to the right.

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