SOUTHERN CALIFORNIA EDISON
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February 1, 2012

California Energy Commission
Docket Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.state.ca.us

Re: California Energy Commission ("Energy Commission") Docket No. 11-IEP-1A: Final 2011 IEPR

To Whom It May Concern:

Southern California Edison ("SCE") appreciates the opportunity to provide comments on the Final 2011 Integrated Energy Policy Report ("Final 2011 IEPR"). SCE would like to commend the Energy Commission Staff for completing this extensive and thorough document. It is clear that the Energy Commission Staff has gone to considerable lengths to address the State's most pressing energy issues. The road ahead may be challenging as stakeholders work to ensure that Californians continue to receive safe, reliable and affordable electricity while new environmental policies take effect. The Final 2011 IEPR, which provides a complete synopsis of these important issues, serves as an essential reference guide for the State. SCE looks forward to working the Energy Commission in the future to formulate innovative and viable energy policy addressing these challenges. SCE would like to make the following comments related to the Final 2011 IEPR.

First, page 29 of the IEPR states the following:

> *According to a recent presentation by Michael Picker, Senior Advisor to the Governor for Renewable Facilities, resources included in the 12,000 MW goal are defined as: (1) fuels and technologies accepted as renewable for purposes of the RPS; (2) sized up to 20 MW; and (3) located within the low-voltage distribution grid or supplying power directly to a consumer.*[1]

SCE suggests including low-greenhouse gas ("GHG") emitting resources, such as fuel cells and high efficiency combined heat and power ("CHP"), in the Governor's 12,000 megawatt ("MW") goal. This approach is consistent with the State's goal of achieving overall GHG reductions in the most cost-effective manner.[2] SCE would like to encourage

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1 Final 2011 IEPR at p. 29 *(internal citation omitted).*

2 *See* Cal. Health and Safety Code § 38560 et seq. (referencing cost-effectiveness no less than ten times and requiring implementation of the State's GHG emissions-reduction activities in an efficient and cost-effective manner).

the Energy Commission to support the inclusion of fuel cells and high efficiency CHP as "accepted technologies" in the Governor's 12,000 MW goal. Moreover, SCE would like to collaborate with the Energy Commission Staff to develop an appropriate efficiency and performance standards for CHP.

Second, the Section of the Final 2011 IEPR entitled "Staff Assessment of Utilities' Progress" (in achieving cost-effective energy efficiency for California) states as follows:

> *Beginning with the 2006 - 2008 program implementation cycle, the CPUC instituted a more comprehensive process for capturing, retaining, and reporting ex post evaluation results. The CPUC's 2006 - 2008 EM&V results show a significant difference between reported and evaluated savings for that period. While the IOUs reported surpassing their energy goals, the evaluation report indicated that the utilities achieved between 37% and 71% of their goals for that period.*[3]

In Rulemaking 09-01-019, the California Public Utilities Commission ("CPUC") recognized the controversy that surrounded the development, implementation, and use of the 2006-2008 evaluation, measurement, and verification ("EM&V") studies. In fact, the CPUC set the EM&V studies aside as an unreliable benchmark for measuring program results in order to calculate earnings. It is important to note that in the CPUC's 2009 Energy Efficiency Evaluation Report for the 2009 Bridge Funding Period, the CPUC verified that the investor-owned utilities achieved 141% of the gigawatt hour goal and 104% of the MW goal.[4] This fact should be mentioned to provide a complete picture of these data comparisons.

SCE appreciates the willingness of the Energy Commission Staff to work collaboratively with SCE during the development of the Final 2011 IEPR. As always, SCE appreciates the opportunity to submit its comments. Feel free to contact me regarding any questions or concerns.

Sincerely,

/s/ Manuel Alvarez
Manuel Alvarez, Manager
Regulatory Policy and Affairs
Southern California Edison Company

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[3] *Id.* at p. 54.

[4] 2009 Energy Efficiency Evaluation Report dated January 14th, 2011 available at: http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EM+and+V/2009_Energy_Efficiency_Evaluation_Report.htm.