SEC INTERROGATORY #71

INTERROGATORY

[B/6/1, p. 15, 20] Please discuss the basis for the California 5% spillover adder, including any studies done and any variation in its application across various program types.

RESPONSE

The California CPUC (Decision 12-11-015 November 8, 2012, pages 55 and 56) provided the following information about the 5% spillover adder:

> Therefore, the Navigant team believes that accepting the program-specific values proposed by the IOUs for the 2013-2014 portfolio would convey a false specificity and accuracy in this important area when the appropriate research and data does not yet exist.
>
> Instead, at this time the Navigant team finds it more appropriate to apply a portfolio-level “market effects adjustment” of 5% across the board to the entire 2013-2014 portfolio cost-effectiveness calculation in recognition that California’s long history of commitment to energy efficiency resources has resulted in measure adoption outside of program channels. This is analogous and parallel to our default NTG ratio prior to completion of specific studies on program free ridership.
>
> A case could be made that the Navigant team could develop a middle-ground approach based on spillover theory and existing data, such as applying sector-level or age-of-program differentials, but absent any comments in the record to support these types of approaches, the Navigant team think the portfolio-wide adjustment better represents the state of recent research in this area in California and does not convey false precision.

Witnesses: S. Dimetrosky
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