



April 4, 2012

Commissioner Mark J. Ferron
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Commissioner Ferron:

We are writing to urge you to move expeditiously on integrating water-energy nexus projects into the California Public Utilities Commission's (CPUC) energy efficiency programs by revising your Proposed Decision on 2013-2014 energy efficiency portfolios to include the following:

1. A goal of adopting cost-effectiveness measures that include embedded energy during 2013
2. Direction to investor-owned electric utilities to fund energy use assessments for small and mid-size water and wastewater utilities along with agricultural water suppliers that aim to implement energy efficiency projects
3. A workshop on water-energy nexus programs proposed by investor-owned electric utilities
4. A message to all parties and stakeholders that the 2013-2014 funding period should produce tangible savings through significant investment

We commend you for recognizing the importance of the water-energy nexus in your Scoping Ruling and in the Proposed Decision, and we ask and encourage you to provide additional direction for the 2013-2014 period to yield a substantive number of projects and prevent the state from losing valuable time in achieving its near-term (2020) climate goals.

In particular, we think the Adopted Decision should be more aggressive than the Proposed Decision's provision of two years to staff and utilities to determine cost-effectiveness of water-energy nexus programs. The CPUC has already invested around \$8 million over three years in its water-energy nexus studies and associated work. The pilot studies included with that investment demonstrated the significant savings potential and likely cost-effectiveness of leak-loss detection and remediation even without accounting for avoided cost due to embedded energy savings. We recommend that additional leak-loss detection and remediation projects be funded during the 2013-2014 period; rather than a few more "pilot" projects.

A significant outcome of the prior water-energy nexus studies is that CPUC staff has developed a foundation for evaluating, measuring, and verifying (EM&V) energy savings from water-energy nexus projects. Consequently, we believe that one year should be sufficient for the CPUC to develop a robust EM&V process so that other water-energy nexus projects, such as treatment process system efficiency improvements, can be funded prior to 2015. The State Water Resources Control Board is loaning a position to the CPUC to assist with this effort.

We recommend that the CPUC hold workshops this year that will help the CPUC, the investor-owned electric utilities, and water sector stakeholders to design an energy use assessment program to support small and mid-size water and wastewater utilities to identify and solicit funding to implement cost-effective system efficiency projects. These workshops will be particularly useful for identifying pump and system efficiency projects in the agricultural sector, where summer groundwater pumping uses more energy than the state's major conveyance systems combined.

As you recognized in your Scoping Ruling, the 2013-2014 bridge period represents an opportunity to reprioritize energy efficiency actions to areas where significant and cost-effective savings potentially exists. By beginning to fund water-energy nexus projects now rather than in 2015, the CPUC would provide valuable leadership in the transformation of the water sector to more efficient use of energy and would help assure the sector is on track to meet the greenhouse gas reduction targets set forth in the AB32 Scoping Plan.

The agencies of the Water and Energy Team of the Climate Action Team (WET CAT) stand ready to support the CPUC in its efforts to fund and verify savings from water-energy nexus projects. We appreciate your consideration of our request and look forward to working with you on advancing water-energy nexus policies.

Sincerely,

ORIGINAL SIGNED BY:

Frances Spivy-Weber
Vice-Chair
State Water Resources Control Board
WET CAT Co-Chair

ORIGINAL SIGNED BY:

Kamyar Guivetchi
Manager, Statewide Integrated Water Management
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Service List for R.09-11-014