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Commissioners re: Docket 24-OIR-03,

Add your message
Dear Commissioner McAllister and Members of the California Energy Commission:

My name is **Christian Honetschlager**, and I am the **Customer Growth and Marketing Manager** of Johnstone Supply Orion Group, a family-owned HVACR wholesale distribution business that has served California contractors since 1984. We operate locations throughout Central and Northern California and employ Californians who work every day to help heating and air-conditioning contractors serve homeowners and businesses across the state.

I appreciate the opportunity to comment on the California Energy Commission's proposed equipment data-reporting requirements. I understand and respect the CEC's desire to obtain better information for energy forecasting, electrification planning, and related policy objectives. However, I am opposed to the rule as currently proposed because it would require distributors to provide commercially sensitive customer and transaction information directly to the state while imposing significant and inadequately understood operational burdens.

Customer information and distributor trust

Our customer list is one of our company's most important and sensitive business assets. It reflects relationships we have spent decades developing and includes information about who our customers are, where they do business, what products they purchase, and the volume and timing of those purchases.

Providing customer names, addresses, contractor identifiers, model-level purchases, and units sold would effectively expose significant portions of our customer list and sales history to the government. Even when information is designated confidential, transmitting it outside our organization creates additional risk of unauthorized access, interagency sharing, disclosure, or use for purposes beyond those originally intended.

This would also place distributors in a difficult position with our customers. Contractors trust us to protect their purchasing information. Many would understandably question why their distributor is sending detailed information about their business activity to the state and whether that information might later be used for permitting or enforcement purposes. That could materially damage the trust between distributors and the contractors we serve.

HARDI has similarly identified customer lists, contractor account information, market share, pricing, and business strategy as commercially sensitive information that distributors must protect. The proposed collection of customer names and billing addresses would move the state toward creating a centralized database of confidential customer relationships across the supply chain.

The operational and ERP burden is substantially underestimated

The proposed reporting is also far more complicated than simply running a report from our accounting system.

Our enterprise resource planning system supports inventory management, purchasing, customer accounts, pricing, sales orders, branch transfers, warehouse fulfillment, returns, credits, and numerous other business functions across multiple locations. The information requested by the CEC does not necessarily exist in one clean, reportable format.

Developing the required reporting would likely involve:

- * Mapping thousands of product records into the CEC's required categories.
- * Determining which transactions and transfers qualify as reportable sales.
- * Connecting equipment data with customer, contractor, address, model, and quantity information.
- * Identifying and correcting inconsistent or incomplete customer records.
- * Distinguishing sales intended for California installation from inventory purchases, transfers, returns, and equipment that may later be moved elsewhere.
- * Creating validation, correction, certification, and record-retention processes.
- * Involving information technology personnel, ERP consultants, accounting staff, operations employees, legal counsel, and company leadership.

Our ERP system was designed to operate a wholesale distribution business—not to create a state equipment-sales registry. Extracting and validating the proposed data would require meaningful system development and ongoing administrative work. It would also create a continuing responsibility to verify data that may not accurately identify where equipment is ultimately installed or how individual components are combined into a completed HVAC system.

As HARDI explains, distributor ERP records do not necessarily correspond with the physical movement and selection of individual equipment in the warehouse. Wholesale fulfillment is operationally different from a retail checkout process, and seemingly simple reporting requirements can create substantial workflow and verification burdens. HARDI also notes that distributors use many different ERP systems, including customized systems, making the implementation cost highly variable and difficult to estimate.

For these reasons, I do not believe the CEC's estimated cost or implementation assumptions reflect the actual complexity distributors would face.

Support for HARDI's alternative proposal

I strongly support the alternative proposal submitted by Heating, Air-conditioning & Refrigeration Distributors International on July 8, 2026.

Under HARDI's primary proposal, distributors and other reporting entities would provide the necessary information to a CEC-approved independent third-party aggregator. The aggregator would standardize, validate, classify, aggregate, suppress, and anonymize the information. The CEC would receive useful aggregated information for legitimate energy-policy purposes without taking custody of individual distributor customer lists, contractor identities, buyer addresses, seller-level sales information, brand- and model-level sales records, or transaction-level data.

This approach would give distributors materially greater trust and confidence in the process. An independent aggregator operating under clear confidentiality, cybersecurity, conflict-of-interest, data-use, aggregation, and audit standards would create an appropriate barrier between commercially sensitive business records and the state.

It would also allow the CEC to obtain useful market information while substantially reducing the risks of competitive harm, customer distrust, unnecessary interagency access, and reverse engineering of individual companies' sales activity.

At a minimum, the CEC should establish the safe-harbor option proposed by HARDI, under which companies reporting through HARDI's Unitary Market Intelligence Program or another qualified CEC-approved aggregator would be deemed to have satisfied their reporting obligation. HARDI's proposal would make the safe harbor available to any qualified aggregator meeting CEC standards, not only to HARDI members.

Conclusion

I respectfully ask the CEC not to adopt the rule in its current form.

The Commission should revise the proposed requirements so that confidential customer-, contractor-, seller-, model-, and transaction-level information is not reported directly to or retained by the state. I urge the CEC to adopt HARDI's independent third-party aggregator model—or, at minimum, its approved-aggregator safe harbor—and limit the information received by the Commission to appropriately aggregated and anonymized data.

This approach would allow the CEC to pursue its legitimate energy-policy objectives while protecting California businesses, preserving the trust between distributors and contractors, and avoiding reporting costs and operational burdens that will ultimately be borne by California consumers.

Thank you for considering my comments.

Sincerely,

****Christian Honetschlager****

****Customer Growth and Marketing Manager****

****Johnstone Supply Orion Group****

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