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Commissioners re: Docket 24-OIR-03,

Dear Commissioner McAllister and Members of the California Energy Commission,

My name is Michael Kalmbach. I'm the owner of Johnstone Supply Orion Group, a family-owned HVACR wholesale distribution business that's served California contractors since 1984. We operate branches across Central and Northern California and employ Californians who show up every day to help HVAC contractors serve homeowners and businesses across the state.

I understand why the CEC wants better data for energy forecasting and electrification planning. That's a legitimate goal. But I'm opposed to the equipment data-reporting rule as proposed. It would push distributors to hand commercially sensitive customer and transaction data straight to the state, and it underestimates what that would actually take to build.

Our customer list and trust

Our customer list is one of the most valuable things we have. Decades of relationships. Who our customers are, where they operate, what they buy, how often, and how much. Handing over customer names, addresses, contractor identifiers, and model-level purchase data would expose a huge chunk of that list and our sales history to the government. Even with a confidentiality label attached, moving that data outside our walls adds risk: unauthorized access, interagency sharing, disclosure, use beyond what was originally intended. Once it leaves our system, we don't control it anymore.

It also puts us in a bad spot with our own customers. Contractors trust us to protect what they buy and how much. If they find out we're sending detailed purchase histories to the state, they're going to ask why, and whether it could show up later in a permitting or enforcement context. That kind of trust took decades to build, and it doesn't come back easily once it's gone.

HARDI has flagged the same concerns: customer lists, contractor accounts, market share, pricing, business strategy. All commercially sensitive, all things distributors are supposed to protect. This rule moves the state toward building a centralized database of confidential customer relationships across the whole supply chain.

The ERP burden is bigger than the CEC thinks

This isn't a matter of running a report out of our accounting system.

Our ERP runs inventory, purchasing, customer accounts, pricing, sales orders, branch transfers, warehouse fulfillment, returns, credits, and a dozen other functions across multiple locations. The data the CEC wants doesn't sit in one clean, reportable place. It never has.

Building this reporting means:
â—Mapping thousands of product records into CEC categories
â—Figuring out which transactions and transfers actually qualify as reportable sales
â—Connecting equipment data with customer, contractor, address, model, and quantity fields that live in different systems
â—Cleaning up inconsistent or incomplete customer records
â—Separating sales meant for California installation from inventory purchases, transfers, returns, and equipment that ends up somewhere else entirely
â—Standing up validation, correction, certification, and record-retention processes
â—Pulling in IT, ERP consultants, accounting, operations, legal, and leadership to get it done

Our ERP was built to run a wholesale distribution business, not to feed a state equipment registry. Getting this data out and keeping it accurate would take real development work and ongoing upkeep, plus an open-ended obligation to verify data that might not even reflect where equipment gets installed or how it's assembled into a finished system.

HARDI put it well: distributor ERP records don't match up with how equipment physically moves and gets picked in the warehouse. Wholesale fulfillment isn't retail checkout. What looks like a simple reporting requirement on paper turns into a real workflow and verification headache in practice. And because distributors run all kinds of ERP systems, some heavily customized, the cost of implementing this varies wildly from one company to the next.

I don't think the CEC's cost estimates reflect any of that.

HARDI's alternative is the right call

I support the alternative HARDI submitted on July 8, 2026.

Under their proposal, distributors send the required data to a CEC-approved independent third-party aggregator. That aggregator standardizes, validates, classifies, aggregates, suppresses, and anonymizes it before it ever reaches the state. The CEC still gets useful aggregated data for energy policy. It just never takes custody of individual distributors' customer lists, contractor identities, addresses, or transaction-level sales records.

That structure gives distributors real confidence in the process. A third party operating under clear confidentiality, cybersecurity, conflict-of-interest, and audit standards is a genuine barrier between our commercially sensitive records and the state.

It also gets the CEC useful market information without the competitive risk, the customer distrust, the interagency access questions, or the risk of someone reverse-engineering an individual company's sales activity from the raw data.

At minimum, the CEC should adopt HARDI's safe-harbor option: any company reporting through HARDI's Unitary Market Intelligence Program, or another qualified CEC-approved aggregator, is considered to have met its obligation. And that safe harbor should be open to any qualified aggregator, not just HARDI members.

Bottom line

I'm asking the CEC not to adopt this rule as written.

Revise it so confidential customer, contractor, seller, model, and transaction-level data never reaches or sits with the state. Adopt HARDI's third-party aggregator model, or at least its approved-aggregator safe harbor, and limit what the Commission collects to aggregated, anonymized data.

That gets the CEC what it actually needs for energy policy. It protects California businesses, keeps the trust between distributors and contractors intact, and avoids costs that would ultimately land on California consumers anyway.

Thank you for considering my comments. Michael Kalmbach