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California Energy Commission

DOCKETED

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TN # 72220

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October 25, 2013

California Energy Commission

Re: Docket No. 13-CCEJA-1

1516 Ninth Street

Sacramento, CA 95814

VIA EMAIL (docket@energy.ca.gov)

RE: EnerNOC'S Comments on the CEC's Proposition 39 2013 Draft Program Implementation Guidelines

INTRODUCTION

EnerNOC appreciates this opportunity to provide comments on the California Energy Commission's (CEC) Proposition 39: California Clean Energy Jobs Act -2013 Program Implementation Draft Guidelines (Guidelines). We applaud the CEC for the hard work and dedication necessary to prepare the Guidelines in an expeditious timeframe following passage of Senate Bill 73 (SB 73) this past June. We greatly look forward to the implementation of Proposition 39 (Prop 39) so that K-12 schools and community colleges will begin to realize greater levels of long-term energy and cost savings, a cleaner environment, and more local jobs, which will benefit all Californians.

EnerNOC is a leading developer and provider of clean and intelligent power solutions to commercial, and industrial ("C&I") end use customers, as well as electric power grid operators and utilities. EnerNOC's technology-enabled demand response and energy management solutions help both customers and grid operators optimize the balance of electric supply and demand. EnerNOC manages aggregated demand response resources across numerous customer categories including, education, government, health care, hospitality, retailing, commercial real estate, agri-business, manufacturing, and more. EnerNOC provides energy efficiency turnkey solutions as a third-party contractor to utilities delivering building commissioning services for commercial and institutional facilities and customized energy efficiency projects for all types of manufacturing industries. In California alone, our efforts have yielded more than 500,000,000 kWh of energy savings annually which is equal to \$50M per year in cost savings for our customers.

As an industry leader in the deployment of energy intelligence software and solutions in California, EnerNOC believes it has an important role to play in the implementation of Prop 39. We provided substantial input and guidance to policymakers during the legislative stages of Prop 39 earlier this year. We look forward to playing an important role in working with the CEC and school districts throughout the state to achieve the goals and objectives of Prop 39.

DISCUSSION

EnerNOC wishes to congratulate the CEC on the establishment of these draft Guidelines and in striking the right balance between following the legal requirements set forth in SB 73 and the practical considerations needed to implement a complex piece of legislation. To enhance the CEC's completion of these Guidelines, we offer the following comments:

1. Energy Efficiency Measures Eligible for Proposition 39 Funding

EnerNOC believes that it was the intent of the original Prop 39 ballot measure and subsequent legislation reflected in SB 73 that this program would include simple low- or no-cost operational efficiency and behavior-based measures as well as hardware-based measures. However, during the October 10th Prop 39 public meeting in Oakland, the CEC was asked if non-equipment measures such as operational efficiency and behavior-based approaches could be funded through Prop 39. The answer was that the CEC considers Prop 39 only to be a hardware program, and thus the operational efficiency and behavior-based measures would not qualify. This is very concerning, and EnerNOC respectfully requests that the CEC clarify in the Guidelines that all energy-saving measures, including hardware and operational efficiency measures will be eligible to receive Prop 39 funds.

Operational efficiency and behavior-based programs focus on simple low- or no-cost measures and actions that target effective energy management measures for a variety of building types, including schools. Energy efficiency programs that have targeted operational efficiency measures, such as retro-commissioning (RCx), offer customers incentives to enable their acquisition of software tools that tap existing energy meters, building control systems and other energy information resources. These programs also offer customers incentives to hire energy professionals that provide up-front and on-going technical assistance. All operational efficiency programs aim to ensure long term persistence of energy savings.

Utility companies already heavily invest in operational efficiency and interest in operational efficiency programs for K-12 schools is growing fast, as is evident from the number of pilot programs popping up around the country as well as the frequency of policy-level discussions focusing on integrated and “deep” savings. And the reason for this interest is obvious. According to the EPA, a typical 100,000 square foot school building can save between \$10,000 and \$16,000 annually.¹ Common operational efficiency measures might include:

- Identification of anomalous energy usage patterns caused by thermostats not being setback on nights and weekends
- Repair and recalibration of sensors to ensure optimal operation of air conditioning systems
- Benchmarking that compares energy usage across multiple schools in a district allowing for the adoption of a common set of best practices
- Tracking energy usage spikes that lead to unnecessarily high monthly demand charges
- Identification and elimination of utility bill overcharges
- Enhanced measurement and verification of energy efficiency efforts over time

Experience has shown that over half of these measures can be delivered at no cost, and over 90% are low- or not-cost resulting in a payback of less than 1 year. Thus, for every dollar invested in operational efficiency measures in schools, that dollar is returned through energy cost savings within one year of the investment.

For the reasons outlined above, EnerNOC respectfully requests that the CEC clarify in the Guidelines that all energy-saving measures, including hardware and non-hardware measures, including operational efficiency measures, will be eligible to receive Prop 39 funds.

¹ Gordon, Kate and James Barba. “Proposition 39: Investing in California’s Future.” The Center for the Next Generation. December 2012.

2. Energy Savings Reporting Requirements (Page 26)

The Guidelines indicate that a Local Education Agency (LEA) can choose any one of four methods for reporting project level energy savings. Unfortunately, the Guidelines currently do not specify how LEAs would pay for these requirements, and whether Prop 39 funds can be used to fulfill the requirements. EnerNOC respectfully requests that the CEC clarify that LEAs can use Prop 39 funds to fulfill the reporting requirements for energy savings. Further, we request that the Guidelines specify the maximum amount of their Prop 39 funds can be used to this purpose.

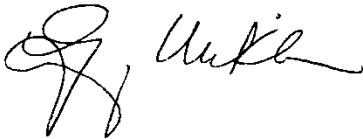
3. Exhibit B, Typical Cost-effective K-12 School Energy Projects (Page 41)

Commissioning is identified as an example of a measure that would qualify for Prop 39 funding. However the definition of commissioning that is provided in the draft Guidelines is vague as currently written. Commissioning measures such as retro-commissioning and monitoring-based commissioning measures are an integral element for optimal building equipment operations. Hardware upgrades alone will not achieve the necessary energy savings. Once energy efficiency hardware upgrades are installed, commissioning processes must be conducted in order to integrate the hardware into the overall building environment, ensure proper functionality, and thus realize the full savings potential from the upgrades. Retro-commissioning and monitoring-based commissioning measures are also an extremely cost effective way to improve the efficiency of existing hardware and must be utilized to ensure that those savings persist over longer periods of time. California utility companies continue funding multiple incentive programs targeting commissioning measures that should be leveraged by K-12 schools, enabling greater EE investment and improving the economic impact of Prop 39 funding. EnerNOC respectfully requests that the CEC clarify in the revised Guidelines that all types of commissioning measures, including retro-commissioning and monitoring-based commissioning, be included as examples in Exhibit B.

CONCLUSION

EnerNOC looks forward to continuing to engage with the CEC Commissioners, staff, and other key stakeholders to implement Proposition 39, as outlined in the Guidelines. However, we hope the CEC will give due consideration to the concerns raised in this letter. Most importantly, the energy efficiency industry stands poised and ready to support State policies and programs to drive demand for energy upgrades and assist schools in making improvements to their buildings that will provide long-term energy and cost savings, and create jobs.

Respectfully submitted,



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