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EnerNOC Comments on 2015 Draft IEPR

Comments attached

Additional submitted attachment is included below.

ENERNOC, INC. COMMENTS ON THE CEC's
***DRAFT* 2015 INTEGRATED ENERGY POLICY REPORT**

EnerNOC , Inc. ("EnerNOC") is pleased to provide comments on the California Energy Commission's (CEC's) *Draft 2015 Integrated Energy Policy Report*. EnerNOC's comments today focus on the CEC's role in the implementation of energy legislation as well as the need for modifications to the demand forecast. EnerNOC also supports the comments being filed today by the Advanced Energy Management Alliance (AEMA).

Implementation of Energy Legislation

In his inaugural speech, Governor Brown set a goal for California to double the efficiency savings of existing buildings, and Senate Bill 350 (De León, 2015) (SB 350) codified this goal into law. SB 350 also increases energy efficiency by 50 percent, not limited to existing buildings. As the lead agency to implement SB 350, in consultation with the CPUC, the CEC is required, by November 2017, to establish annual energy efficiency and demand response goals to achieve of doubling of energy efficiency savings by 2030. SB 350 appropriately defines energy efficiency savings as follows:

> "Energy efficiency savings means reduced electricity or natural gas usage produced either by the installation of an energy efficiency measure or the adoption of an energy efficiency practice that maintains at least the same level of end-use service or be conservation actions that reduce energy use by reducing the quantity or quality of baseline energy services demanded."[1]

The CEC adopted a roadmap, the Existing Buildings Energy Efficiency Action Plan, in September 2015 to reach the goal of doubling the efficiency savings at existing buildings. The action plan includes the development of a new statewide benchmarking and disclosure program.

EnerNOC appreciates the efforts that have been done but recognizes there is much more to do to meet the Governor's ambitious goals as codified in SB 350. EnerNOC previously supported the Existing Energy Action Plan in the development stages, particularly the plan's

[1] Senate Bill 350, at Section 25310 (a)(2)

goals to use data to drive informed decisions and to promote consumer focused energy efficiency and program design enhancement. As described in the action plan, we would encourage more active developments, beyond Assembly Bill 1103, of commercial energy benchmarking. In future updates to the action plan, we would recommend that the CEC be explicit about the program types it wants to encourage, such as behavioral energy efficiency and behavioral demand response, rather than "providing the data and hoping the programs will come." We also recommend that the CEC recognize the importance of the commercial building sector to achieve the goals of SB 350. Commercial and industrial customers represent 52 percent and 49 percent of California electricity consumption and coincident peak demand respectively. Historically, as recognized by the CPUC and others, small and medium businesses are one group of customers who have been overlooked by past approaches.[2]

These new goals implicitly encourage the state to explore innovative program areas, such as behavioral energy efficiency for business customers following strategy 2.2.2 of the action plan. Wide scale programs have been deployed to residential customers, but only piloted with businesses, for the most part. Delivering energy savings through business benchmarking, energy analytics and low- or no-cost operational recommendations offers a clear opportunity to deliver value to a customer set which has been underserved by traditional approaches, and ultimately keeps money in the pockets of California businesses. Another innovative offering for business customers is behavioral demand response, which would also build on the investments the state has made in advanced metering technology. Behavioral demand response utilizes timely and personalized notifications to drive successful demand response events.

It is important for the CEC's strategy to integrate what is already happening in the state and what is coming down the pipe. Assembly Bill 793 (Quirk, 2015), for example, advances many of the draft plan's aims by encouraging energy management technologies among California's homes and smaller businesses. The EPA's final Clean Power Plan will also play a key role in California's State Implementation Plan. Both under the Clean Power Plan and the Governor's climate goals, the state should recognize energy efficiency efforts outside of utility-

[2] See for example D.12-05-015 and D.12-11-015.

managed programs. Hundreds of millions of dollars are spent every year on private-sector efficiency initiatives, which contribute both to environmental and economic improvements for the state. This could be further incentivized through an energy efficiency credit trading program, possibly crafted onto existing renewable efforts such as the Western Renewable Energy Generation Information System.

Assembly Bill 802 (Williams, 2015) (AB 802) is also significant legislation that requires the utilities to provide whole building energy usage data and billing information to the building owner, operator or its agents. Importantly, this information is deemed non-confidential so that the data can be shared without violating customer privacy rules. Also this bill allows the investor-owned utilities to count energy efficiency savings associated with bringing existing buildings up to code. AB 802 also clarified the CEC's authority to collect energy usage data to support implementation of the bill. The CEC is tasked with adopting regulations to provide for the collection and public disclosure of energy benchmarking. The Draft IEPR indicates that the CEC will "build its capabilities to manage and provide rigorous analysis of the data in support of energy demand forecasts."[3]

The Draft IEPR also appropriately recognizes that the passage of these bills will require significant changes to the electricity demand forecast:

> "With the passage of Senate Bill 350 (De León, 2015) and Assembly Bill 802 (Williams, 2015) (AB 802), future iterations of the electricity demand forecast will include greater emphasis on detailed, localized, and sector-specific analysis of energy demand trends. This more granular analysis will be needed to support the state's policy goals including setting, assessing, and advancing energy efficiency goals discussed in Chapter 1 and to help optimize the integration of increasing amounts of renewable energy discussed in Chapter 2."[4]

EnerNOC looks forward to participating in the CEC's November 10 workshop on building energy use and in future efforts to implement the critical legislation that will help the state achieve Governor Brown's ambitious energy goals.

[3] Draft IEPR at p. 156
[4] Id.

Electricity Demand Forecast

EnerNOC has consistently expressed concern that the state's expressed desire to increase preferred resource penetration does not appear to be adequately reflected in the CEC's load forecast or the California Independent System Operator's (CAISO's) Transmission Planning Process. Demand response is one of the preferred resources being promoted in the state's policy context; however, it continues to be virtually ignored for planning purposes. This apparent lack of coordination among the agencies and their staffs conducting the studies is leading to an untenable situation. As articulated in comments filed today by AEMA, and supported by EnerNOC, we are on the verge of potentially losing load-modifying demand response from our resource mix due to a combination of recent actions at the California Public Utilities Commission (CPUC) and the fact that this valuable resource is not currently included in the state's demand forecast in the IEPR. Pending proposed decisions at the CPUC force the issue of needing to include demand response in the IEPR forecast as soon as possible to retain the value of this significant, cost-effective resource California has built up over the past decade. For all the reasons outlined in AEMA's comments today, EnerNOC joins AEMA in urging the CEC to include placeholder language in the 2015 IPER (Chapter 5: Electricity Demand Forecast) to signal to the CPUC and stakeholders that the 2016 IEPR Update will include a section on forecasting *all* demand response to comply with SB 350 and will appropriately recognize event-based load modifying demand response, which by definition is not bid into the CAISO.

Thank you for your consideration of our comments.

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