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Comments from REV on CEC Draft Plan for AB 758

April 21, 2015

TO: California Energy Commission
FROM: Rory Bakke, VP Product Development
Elliot Hoffman, CEO from REV (formerly True Market Solutions)
RE: Comments on CEC AB 758 Draft Plan

Thank you for the opportunity to provide comments on the CEC AB 758 Draft Plan. We applaud the CEC as well as the forward thinking legislative and other policy and development influencers that have provided the vision and resources to develop this Plan. It represents an important element of the State’s commitment to accelerate and achieve marketplace transformation to a new mindset of sustainability, energy efficiency and resource productivity for California and beyond.

REV is an energy and sustainability training organization that is devoted to this very marketplace transformation to a new mindset as described above. Our role is to make the compelling business / economic case for embracing and accelerating the adoption of the deep benefits of sustainability, energy efficiency and resource productivity to small and mid-size companies, organizations and communities throughout California and the U.S. We work to destroy the myth that sustainability is a cost and to provide evidence that waste and emissions not only represent inefficiency but also add cost and detract from overall wellbeing.

We provide training in energy and resource efficiency, coaching and peer community building to help organizations embed sustainability and energy efficiency into their business and organizational policies, practices and models. We have graduated about 150 California small and medium-sized companies, cities, not-for-profits, schools and other public agencies from our Sustainability Circle program over the past two years. Each participating organization has developed and is implementing a 5 year Sustainability Action Plan that includes a portfolio of initiatives with projects being undertaken to reduce energy, water, GHG emissions, waste and other resources and empower participants to lead change in their organizations to embed sustainability into their operations.

Our comments (attached) are summarized in a numbered list by category and explore our suggestions that relate to the Draft Plan. They also respond to comments that were made at the recent hearing on the Plan. In addition, we have attached a set of guiding principles that underlie our comments and that we hope will provide context and additional understanding. An additional attachment provides further description of REV services and current team for informational purposes.

Additional submitted attachment is included below.
REV Comments on AB 758 Existing Buildings Energy Efficiency (EBEE) Draft Plan

We believe that the AB 758 Existing Buildings Energy Efficiency (EBEE) Draft Plan includes ideas, objectives and program elements that are essential to the success of California policy on energy, greenhouse gas emissions and sustainability overall. To achieve the major objectives of this Plan, we believe that several primary shifts and Program elements need to be considered, designed and implemented:

1. **Shift CEC / CPUC / utility policy mindset** from a primary focus on protecting rate-payer funds to an entrepreneurial mindset and willingness to take risks with innovative solutions for energy and water efficiencies, climate / GHG reductions, integrating technology and behavior change and sustainability writ large.

2. **Financing**: new financing models need to be developed and implemented that offer long term capital at reasonable interest rates so that the monthly cost savings from the initiatives are greater than the monthly debt service, especially for SMEs and SMBs (small businesses especially). There ought to be incentives that essentially transform some or all of the debt to a grant (even partial grant) if certain energy / resource / sustainability metrics are achieved or exceeded.

3. **Government Leadership**:  
   a. The public agencies responsible for developing and overseeing the program components needed to implement this Plan are critical partners in this effort and need to have adequate resources committed for this vital effort. In that regard, we believe that there needs to be made a 10 year commitment to a statewide set of programs to transform 50% of all state / federal / municipal buildings in California by developing and implementing Sustainability and Energy Action Plans to greatly enhance sustainability, energy, water and resource efficiencies;  
   b. California Government agencies need to partner with business, NGOs and communities to support wise federal policies; and  
   c. Partner with business to create a truly functional and innovative repository of best practices, initiatives and lessons learned and to partner with other states and the federal government to do same (repository could be sponsored by a public program).

4. **EBEC Collaboration** (Existing Building Efficiency Collaborative): we think this is an important element and critical to the successful implementation of this Plan. The Collaborative should include business people, industry and market actors who are experienced entrepreneurs, have demonstrated experience and understanding of energy, sustainability, water, climate change and related behavioral and public policy issues in California (note: representatives from REV are extremely interested in participating on the EBEC collaborative).

5. **Fully embrace behavior change** including organizational change leadership training as a pathway to effective energy / water / resource efficiencies and sustainability writ large. Many organizations
have discovered in the past 5 years that successful and enduring implementation of resource efficiency programs requires generative leadership. In other words, successfully teaching change leadership techniques is as important to changing behavior in organizations, as having access to the best and right-cost technologies is to achieving energy efficiency.

6. **Do not rely on codes and standards to accrue the massive changes** needed in California. Incentivize energy efficiency and resource productivity improvements at several levels – at or above codes, below code yet impactful and potentially even more massive in terms of number of initiatives, kWh and demand savings. Go to where people are and then help bring them along. Trying to get people and businesses to adopt new codes that may require investments beyond what they feel is reasonable to them is very difficult. Give people “on-ramps” that get them on the path rather than trying to insist that they immediately get to the end of the journey.

7. **Review and change CPUC and utility rules, regulations, credit allocations and funding sources** in order to enable new innovative programs that do not fit neatly within prior / current thinking. It’s time for innovative thinking in these times: (see comment #1 above)
   a. **Count the real and important benefits beyond energy**: sustainability benefits such as those that accrue due to a systematic focus on significant reductions in use/generation of water, waste, GHG’s, responsible procurement, and the behavior change needed to embed these changes and others.
   b. **Help educate business people** to understand that the benefits and value – financial and otherwise – of embracing and embedding energy and resource efficiency, sustainability, technology and behavior change – are often equal to or even greater than the cost savings and ROI from energy / water efficiency upgrades. For example: promote natural lighting whenever possible – saves energy AND people are more productive and feel better while working in natural light. HVAC upgrades – value from employee comfort and increased productivity can be far greater than the energy savings. Engaging employees in behavior change programs not only saves money but will help engender a greater sense of being engaged, which can be a major benefit (including financial) for all.

8. **Move to “regeneration”** – move the goal of “net zero energy” to “net positive” energy by X date – whereby buildings – including homes and commercial - and other energy users achieve a net positive outcome – adding back more energy to the system than they utilize.

9. **Statewide Campaign**: Make more effective and re-launch arge-scale, 3-5 year, well funded statewide education, awareness and behavior change campaign that engages all Californians to participate in this marketplace transformation. Redesign to focus on several (4-6) key elements of transforming the mindset and behavior around energy, water, climate change, procurement, value from sustainability design and thinking, with an ACTION orientation that would engage millions of Californians over the long term (5-10 years).

10. **Cross-fertilization between residential and commercial programs** – Create and promote programs and incentives to reach multiple levels through a “multiplier effect” program. For example, those engaged in commercial efficiency programs spread this new thinking and rewarded behaviors
throughout the workplace and, in turn, employees bring this new behavior to their homes and communities. Those entering from the home are incented to bring their new mindset and behavior to the workplace. Spread this new mindset and behavior from wherever the “pebble is dropped into the lake” into the entire “ecosystem”; from workplace to home, workplace to suppliers, customers, investors, community; from home to workplace, friends, community, etc. We have ideas for this arena if/when the CEC is interested in discussing such ideas with stakeholders.

11. **Consider adopting sustainability certification requirements** for firms and workers in the major building sectors.

12. **Adopt sustainability / energy / resource certification requirements** for firms who do business with the state of California, the federal government and municipalities.

13. **Obtain business and civic leader commitments** to foster energy competitions, sustainability, GHG and resource improvements that involve offering both incentives and recognition to those who do a great job.

14. **Given that REV Sustainability Circles** were outlined on page 66 of the March 2015 AB758 Draft Plan as being scalable, impactful, affordable and utilizing a cohort / community model, we want to take this opportunity to note that this model is one way of embracing and embedding energy efficiency and resource productivity benefits statewide. While we have already begun to work with California utilities, we would like to see the CEC, CPUC, utilities, water and waste agencies embrace work with REV to customize the infrastructure and metrics regime, fully engage utilities and other key players, and then scale to achieve marketplace transformation, ideally within 10-15 years (projected metrics for improvements in key resources are available from REV – 2015-2020).

15. We believe it is important to mention that **many needed initiatives are currently not counted by the utilities because of the rules and regulations currently in place** so they don’t qualify for rebates and utilities don’t gain “credit” for these energy efficiency improvements. And although there are significant energy, water and GHG savings due to both behavior and technology changes in the SAPs, since REV is a non-resource program, it is more challenging for utilities to scale the funding of REV Circles to the level needed for large scale impact. We propose that changes to the rules around credits, codes, resource vs. non-resource programs be made so that innovative, affordable, accessible, scalable and community based cohort models are funded to scale. REV and other organizations with useful behavior change-based models will be able to attract tens, if not hundreds of thousands, of potential participants over the next ten years who will engage and create implementable Sustainability Action Plans (and similar results) that will drive toward California’s energy, water, GHG and sustainability goals. REV staff hopes to actively participate in these policy discussions.