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Industry Comments from Efficiency First California

Additional submitted attachment is included below.



4/21/15

California Energy Commission - AB 758 Action Plan

We would like to provide the following written comments as they pertain to the California Energy Commission's Draft Action Plan on A.B. 758.

We at Efficiency First California wish to express our views from the Energy Efficiency Industry's point of view. We welcome a collaborative working environment and encourage you to continue to explore new and creative solutions that foster consumer participation in energy efficiency upgrades, specifically those efforts focused on California's existing building market. We will address our views as they relate to the five goals described in the A.B. 758 Draft Action Plan.

Goal 1 – Proactive and Informed Government Leadership in Energy Efficiency

Industry needs to be involved from the beginning, and on a recurring basis, in rebate program design. In the current system industry is the test bed for theories created by program designers and implementers. Ongoing program design changes are costly, as contractors are being forced to constantly learn new program paperwork and submission requirements. We strongly feel that the current program design is limiting contractor participation and will never lead to true market transformation. We encourage government participation and wish to work together to find new and innovative solutions that will lead to true market transformation. We are in favor of a market driven solution versus a regulatory system. We feel a pay for performance marketplace has the ability to streamline and simplify the entire incentive process.

Goal 2 – Data Drives Informed Decisions

We support open communication and sharing of data amongst other interested parties in order to further grow the industry. Industry partners need easy access to data, specifically utility bill usage data. We support a system where contractors can use data as a means to quantify and price the savings generated from energy efficiency retrofits. Having easy access to data will allow contractors to be rewarded by performance and help to differentiate based on actual results. We support adopting new technologies, such as smart meter data and energy efficiency meters, and to build a market that is based on actual savings versus deemed or modeled savings. We strongly support the integration of PG&Es recently developed CalTRACK software. The CalTRACK software is the first step to a performance based measured savings marketplace.

Energy Efficiency meters will allow industry to quantify and monetize actual energy savings. The ability to measure actual savings will quantify risk and remove a substantial barrier that is restricting private capital from entering into in the EE market. We firmly believe the use of using EE meters and measured data will spur growth in the energy efficiency industry. Importing data into a common database will allow stakeholders to create new and innovative solutions based on actual energy savings.

Goal 3 – Building Industry Delivers Innovation and Performance

The current Energy Upgrade California incentive program is heavily regulated and overly complicated. By providing rebates from ratepayers funds, it requires regulatory oversight from the CPUC. The EUC program requires contractors to fill out burdensome and redundant paperwork for program submissions. Contractors have provided direct feedback to EFCA indicating that the required EUC paperwork is a barrier for increased contractor participation. In order to encourage growth we need to support systems that streamline and simplify contractor participation rather than regulate and verify. We need to explore new approaches that allow and reward innovative solutions. A key factor in performance-based approach is the means to quantify and price the savings generated from energy efficiency retrofits. Measuring savings and providing rewards based on performance simplifies the process and provides true value to the consumer. We support efforts that



are innovative, will scale, and lend themselves to profitable business models. We don't believe the current system will provide the mechanisms needed for true market transformation.

Goal 4 – California Recognizes the Benefit from the Value of Efficiency Upgrades

We recognize the benefit of involving the Real Estate industry in promoting EE measures and support having energy efficiency ratings incorporated into property listings. While we agree with using an asset based rating for the real estate market to eliminate the homeowner's behavior from the equation, we believe that there is a difference between accurately predicting savings for a retrofit and providing a score at time of sale. Asset ratings should also be low cost and simple to implement, as there is substantial diminishing returns on more complicated models.

In order to provide cost estimates of savings by building type and region we must have a method to measure actual energy consumption. Information based on real data from energy efficiency meters will allow accurate and repeatable usage predictions. We believe the current marketing efforts by EUC are confusing and represent a missed opportunity. We understand the complicated nature of marketing energy efficiency measures and the challenges of reaching our target audience. Our contractors have reported that the non-energy benefits of energy efficiency measures are an effective tool for promoting sales and encouraging consumers to pursue retrofits. In order to achieve large-scale public adoption of energy efficiency measures we must use all possible messages to encourage participation. We recognize that contractors are the best messengers for promoting the value of EE upgrades. We should support contractors existing marketing efforts by funding Co-Op marketing efforts. Contractors are more effective at communicating the benefits of energy efficiency upgrades to consumers than the current EUC marketing efforts. EUC marketing should provide a clear call to action for consumers and have a statewide common message.

Goal 5 – Solutions Are Accessible and Affordable for All Californians

One of the barriers to bringing private capital to the energy efficiency market has been a means to measure actual savings produced by upgrades. If we use systems that measure and quantify actual energy savings we are able to quantify risk. By assigning a value to the actual energy saved, such as a "Negawatt", we can leverage private capital to expand the marketplace. We need to support new ideas that are based on measured savings such as PG&Es CalTRACK system and the recently announced Measured Savings Pilot program by the NRDC, as these are the first steps to creating investor confidence in the market. Energy measurement tools must meet common standards, such as the PG&Es CalTRACK, and allow the savings to be bundled and sold on secondary markets. All efforts must focus around creating investor confidence and consumer protection via measured savings. We need to encourage the federal government to provide tax incentives for energy efficiency improvements to encourage more consumer participation.

We believe we are at a historic crossroad in the state of California. We have the opportunity and motivation to provide substantial changes that will reshape the future of energy efficiency in our state. We are excited to be a part of supporting ideas that will lead to true market transformation. We think industry must work in concert with local, state, and federal government to provide a secure energy future for the residents of our state. California has effectively demonstrated that energy efficiency can curb the construction of new power generating facilities. We need to push further to create a sustainable future that relies on energy savings as the end result.

Sincerely,

Charles Cormany
Executive Director
Efficiency First California