

## DOCKETED

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**Comments of the Natural Resources Defense Council (NRDC) on the Joint Agency Workshop on the Governor's Energy Efficiency Goals**

*Additional submitted attachment is included below.*

**Comments of the Natural Resources Defense Council (NRDC) on the  
*Joint Agency Workshop on the Governor's Energy Efficiency Goals***

Docket Number 15-IEPR-05

July 20, 2015

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**I. Introduction and Summary**

The Natural Resources Defense Council (NRDC) appreciates the opportunity to submit these comments on the recent “Joint Agency Workshop on the Governor’s Energy Efficiency Goals” (workshop). NRDC is a non-profit membership organization with nearly 80,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California’s energy consumption.

**II. Discussion**

NRDC appreciates the hard work of the Commissioners and staff to advance energy efficiency as the state’s first energy resource. We also strongly support Governor Brown’s goal of doubling energy savings by 2030. However the current CEC interpretation of the Governor’s goal would fall short of doubling efficiency in 2030 and make it more difficult to meet the state’s long-term energy and climate goals. To ensure California takes sufficient action to ramp up efficiency efforts to achieve the 2030 target, it is critical that the projected savings in 2030 are clearly identified and quantified. We therefore offer the following recommendations:

***a. Correct the current interpretation of the Governor’s goal that substantially reduces expected energy savings in 2030***

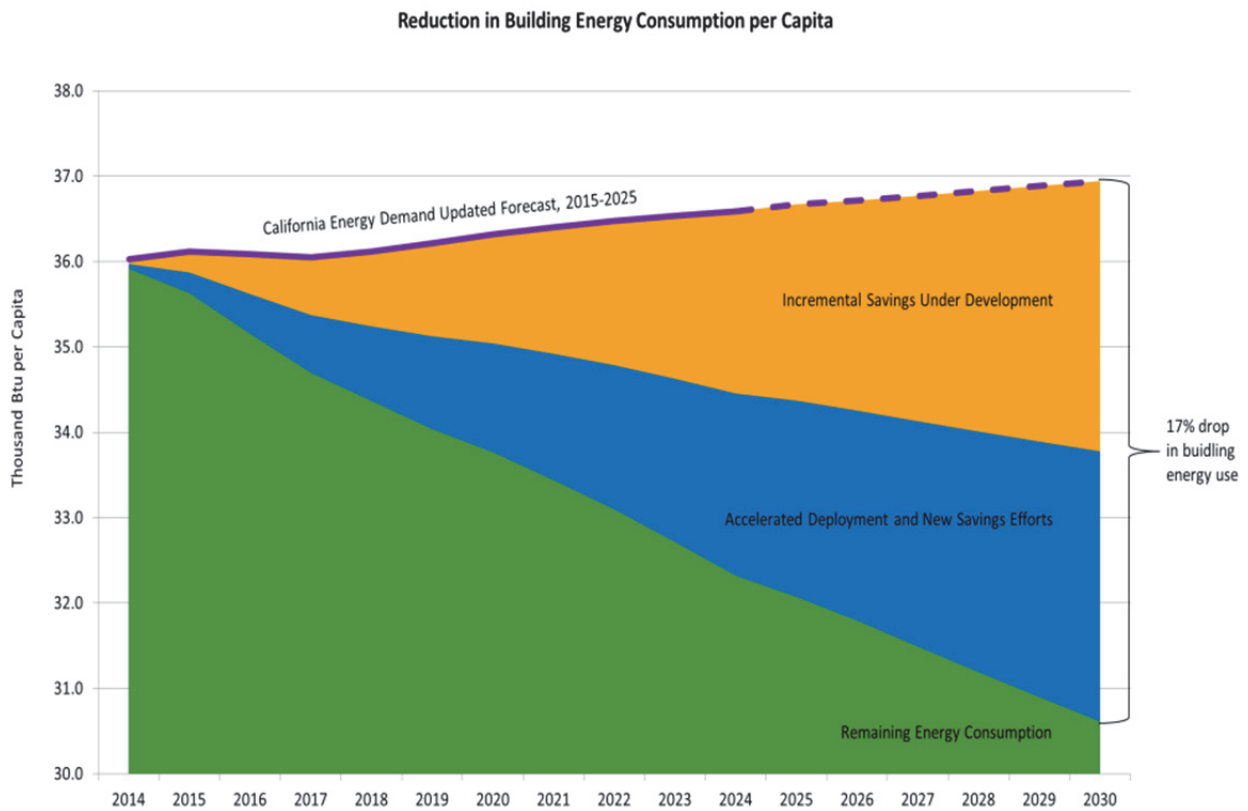
The Governor’s stated goal of doubling existing expected savings by 2030 should result in *twice as many* savings in 2030 as is currently expected from both the investor-owned utilities (IOU) and publicly owned utilities (POU).<sup>1</sup> Yet the language and associated graphic from the draft “Existing Buildings Energy Efficiency Draft Action Plan” (draft Action Plan), which was also presented at the workshop and provided as Figure 1, appears to endorse a target that would substantially weaken the Governor’s goal.

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<sup>1</sup> Naturally occurring savings are also anticipated to double, but those savings should not be included in calculating the doubling of policy driven savings from the IOUs or POUs.

Figure 1 is the CEC’s interpretation of doubling energy savings by 2030. It was derived by assessing energy efficiency savings (a) within the IOUs’ service territories, (b) from the residential and commercial sectors, and (c) from existing building stock within those sectors. Therefore, a doubling of this slice of energy savings does not amount to a true doubling of statewide energy savings. Furthermore, the current description on p.24 of the draft Action Plan allow POU savings (which were not included as part of developing Figure 1) to help meet the doubling of only the IOU savings.<sup>2</sup>

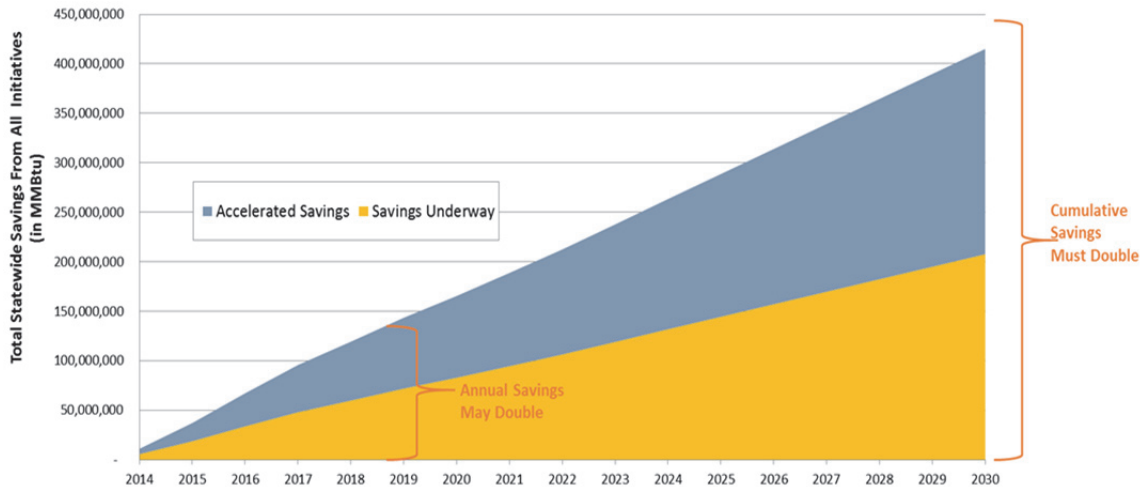
**Figure 1: 2030 Savings Goal Presented at the July 6, 2015 Workshop**



<sup>2</sup> This goal also includes savings from codes and standards Figure 1 also allows “naturally occurring” savings (savings that will happen anyway) to count toward the doubling goal, “Naturally occurring” savings should not be a distinct part of this doubling goal. The CEC should define the goals as doubling a statewide savings of AAEE and include POUs. This goal should be based on gross utility program goals and which are incremental to the CEC’s demand forecast.

Instead, the CEC should set a true statewide, economy-wide goal, as it began to assess when it initially issued its fact sheet on the Governor’s goal.<sup>3</sup> The CEC should expand that work to include POU energy savings, as we have presented in Figure 2.

**Figure 2: CEC Illustrative Graph of Governor’s Goal to Double Efficiency by 2030**



If the CEC continues with the current interpretation (Figure 1), it would result in a goal that is only a 54% increase in savings by 2030 versus the doubling (100% increase) of savings directed by the Governor. Specifically, by counting the planned POU savings as new savings toward achieving the IOU AAEE goal, when in fact they should be counted as existing projected savings, the overall goal of doubling savings would be reduced by 23% (i.e., 77% increase in 2030 vs. 100%).<sup>4</sup> Furthermore, “naturally occurring” savings could easily compose 23% of total savings anticipated in 2030, as was the case when the CEC last quantified naturally occurring savings for the long term forecast.<sup>5</sup> This would further reduce the goal in 2030 to 54%, which is far from doubling projected efficiency by 2030, and should be corrected.

<sup>3</sup> CEC, “California’s 2030 Climate Commitment Double Energy Savings In Existing Buildings & Develop Cleaner Heating Fuels By 2030” Available at: [http://www.energy.ca.gov/commission/fact\\_sheets/documents/Fact\\_Sheet\\_-\\_Energy\\_Efficiency.pdf](http://www.energy.ca.gov/commission/fact_sheets/documents/Fact_Sheet_-_Energy_Efficiency.pdf)

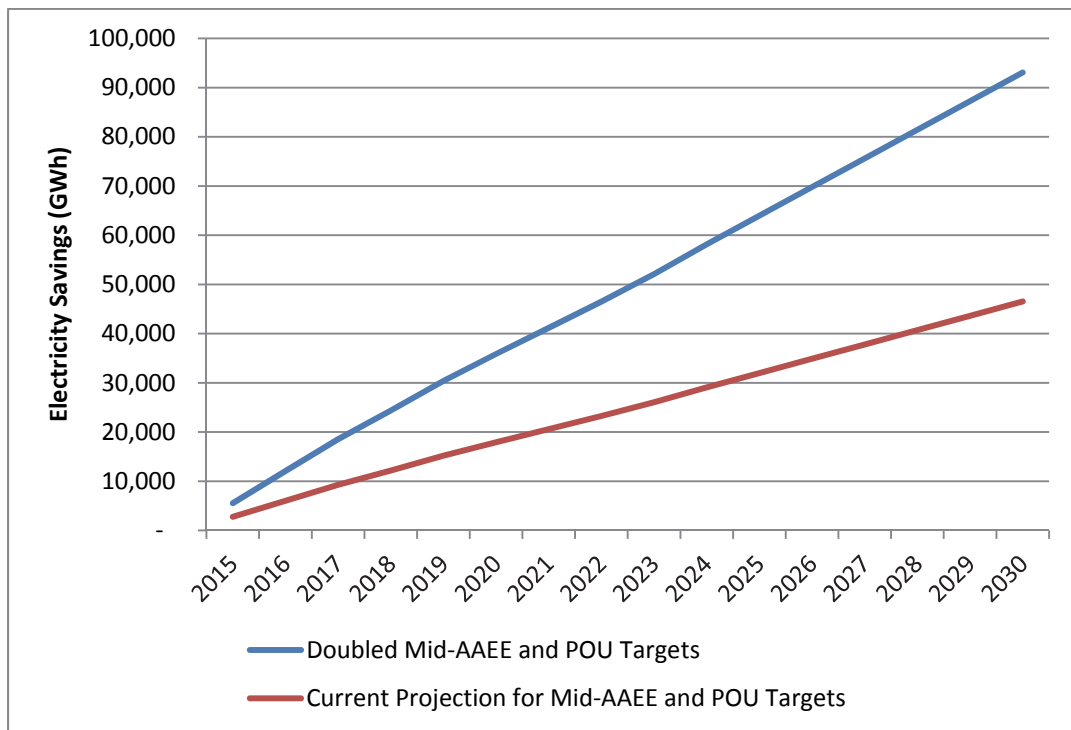
<sup>4</sup> POU’s account for roughly 23% of ten-year statewide savings.

<sup>5</sup> Specifically, 6,292 GWh of “naturally occurring” savings over the ten year forecast, which represents over 23% of statewide policy-driven savings. CEC, Energy Efficiency Adjustments for a Managed Forecast: Estimates of Incremental Uncommitted Energy Savings Relative to the California Energy Demand Forecast 2012-2022, Spreadsheet - Estimates of Incremental Uncommitted Energy Savings Relative to the California Energy Demand Forecast 2012-2022 Posted July 31, 2012, updated September 20, 2012, Table: “Incremental Uncommitted Efficiency Savings for Electricity, Mid Savings Case” (September 2012).

***b. Clarify what savings are included in the Governor’s goal and adopt clear numeric targets to guide state efforts to achieve the goal***

As the Commission finalizes the Action Plan, it is important to include a clear numeric 2030 goal, including check points along the way to determine whether or not the state is on track. Figure 3 provides the projected doubling of savings from the IOU AAEE forecast and the POU targets, which reach more than 93,000 GWh in cumulative savings by 2030.

**Figure 3: Projected Doubling of Savings in 2030<sup>6</sup>**



Achieving these savings in 2030 will require the state energy and climate agencies, as well as stakeholders, to evaluate the current policy structure and update rules and/or approaches to estimating savings to ensure all available cost-effective efficiency is being pursued. To take action immediately toward this end, and to ensure that all entities are similarly interpreting the Governor’s goal, the Commission should:

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<sup>6</sup> CEC, California Energy Demand 2014-2024. CMUA, Energy Efficiency in California's Public Power Sector. IOU program savings are projected in the mid-case Additional Achievable Energy Efficiency (AAEE) forecast, which is included in the CEC's forecast. POU program savings are projected in the 10-year targets set by each utility, as listed in CMUA's 2013 annual report. Each forecast was scaled to project through 2030 based on the cumulative total from 2014-2024. Each forecast was then doubled to calculate the estimated cumulative savings required by 2030 for the doubling goal.

- publish a goal with absolute energy numbers, with checkpoints, through 2030— not just per capita metrics;
- include POU energy savings in the calculation of the target, as well as saving from all sectors of the economy, not just the existing buildings in residential and commercial sectors; and
- clarify “naturally-occurring” savings will not be considered a distinct sub-goal— by removing any reference to “naturally-occurring” savings in the goal definition.

Defining a consistent and clear goal will support the Commission in developing the most effective workplans and strategies, ensure all entities are driving toward the same target, and put the state on a path to meet the long-term greenhouse gas reduction goals at the lowest cost possible.

### **III. Conclusion**

NRDC appreciates the opportunity to comment on the *Joint Agency Workshop on the Governor’s Energy Efficiency Goals*. We look forward to working with the CEC, other agencies, and stakeholders to ramp up efficiency to achieve the state’s long-term energy efficiency and climate goals.