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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Executive Office

April 24, 2015

Commissioner Andrew McAllister
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, CA 95814-5512

**RE: Comments on Proposed Appliance Rebate Program
Authorized in Executive Order B-29-15**

Dear Commissioner McAllister:

On behalf of The Metropolitan Water District of Southern California, I would like to thank you for the opportunity to provide comments on the appliance program authorized under Governor Brown's Executive Order issued on April 1, 2015.

Metropolitan is the primary water wholesaler for Southern California, serving a region that stretches over six counties and encompasses a population of nearly 19 million residents. Over the past 25 years, Metropolitan has worked to help ensure reliability by expanding its supply portfolio to integrate various sources and reducing water demand through conservation. The region has successfully achieved a cumulative water savings of over 2 million acre-feet within our service territory. We are committed to achieving further water savings through the increased use of water-efficient appliances, especially as we enter a fourth year of drought.

Metropolitan is funding and managing the largest water use efficiency rebate program in its history. With a current two-year budget of \$100 million for commercial and residential incentives, the program has generated unprecedented response. Just within the past week, rebate requests for FY 14-15 have exceeded \$300 million. Information on the types of rebates and incentives available can be found on Metropolitan's conservation website, www.bewaterwise.com.

Metropolitan's regional conservation programs have continually evolved as we work with our ratepayers to lower water use. With this experience, Metropolitan respectfully offers the following recommendations to the CEC:

1) The CEC's appliance rebates should maximize water savings and help drive market transformation by encouraging the purchase of highly efficient appliances. The CEC should ensure that the appliances eligible for rebates meet a minimum efficiency standard that is consistent or better than leading rebate programs. For clothes washers, Metropolitan provides an incentive for high efficiency washers with a water factor of 4.0 or less, per the Consortium for Energy Efficiency (<http://www.cee1.org/content/about>). Metropolitan encourages the CEC to use CEE Tier 3 (most efficient level) for the new program. Tier 3 has a minimum integrated water factor of 3.2 and an integrated modified energy factor of 2.92. The lower the factor, the higher the water efficiency. The current federal standard for top loading washers is 8.4. For other fixtures, Metropolitan uses EPA WaterSense standards for rebate eligibility, whenever available.

2) Use digital technology to the maximum extent feasible. Consumers are accustomed to online applications and uploading receipts and other documentation. The process to apply, review and approve applications should be available online. The challenge with traditional mail-in applications is that they limit the program administrator's ability to project the overall demand and potential financial obligation of the program. If a rebate applicant is without access to a computer, we recommend the program provide an "800" number to connect the applicant to a customer service representative who can enter the information for them and start the application process. We also recommend that the program website be mobile-friendly for ease of use and to benefit from new Google Search requirements.

3) Ensure that all ethnic communities have equal opportunity to participate. Provide program information, materials and support in multiple languages. Metropolitan is currently in the process of offering its rebate program information in both English and Spanish.

4) Set the incentive amounts to achieve maximum water savings. In the 2010 statewide Cash-for-Appliances program funded through ARRA, a \$100 rebate was offered and over 88,000 clothes washers were replaced. The program was open for approximately eight months. The incentive amount and minimum efficiency requirements helped extend the program to allow broader participation. Because the statewide program was complementary to Metropolitan's existing regional program, more participants in Metropolitan's service area were able to participate as they could access both regional and local rebates to reduce their cost. The

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appropriate rebate amount, efficiency standard and compatibility with an existing program resulted in increased water savings from ARRA funding.

5) In the current drought climate be prepared for program activity to exceed expectations quickly. The program should have sufficient funding, staffing, phone and technology to serve the entire state for a reasonable period of time.

The current drought conditions are unprecedented and past rebate program management and activity levels may not be a good baseline. For example, Metropolitan's SoCal WaterSmart Program, which is available throughout our service area, receives over 20,000 calls per month and approximately 600-900 applications per day. The CEC's rebate program will generate significant interest and rebate requests.

Metropolitan is available to meet with CEC staff to discuss our experience in managing the Southern California regional rebate program and the best practices learned over the past decade of implementation.

Thank you for the opportunity to provide input on the Commission's Proposed Appliance Rebate Program. If we can be of further assistance, or would like to meet with Metropolitan to discuss the comments further, please contact Bill McDonnell at (213) 217-7693 or by email at bmcdonnell@mwdh2o.com

Sincerely,



Jeffrey Kightlinger
General Manager

cc: Commissioner Robert Weisenmiller, Chair
Commissioner Karen Douglas
Commissioner David Hochschild
Commissioner Janea Scott
Drew Bohan, California Energy Commission
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