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CEEIC Comments on 1/23 2030 Goals Workshop

Additional submitted attachment is included below.

February 15, 2017

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 17-IEPR-06
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Joint Agency Workshop on 2030 Energy Efficiency Targets

Dear Commissioner Weisenmiller:

Thank you for the opportunity to comment at the Commission's January 23rd workshop and for inviting the filing of written comments. We offer the following thoughts on the Staff Paper: "Framework for Establishing the Senate Bill 350 Energy Efficiency Savings Doubling Targets".

The Efficiency Council is a statewide trade association of non-utility companies that provide efficiency, demand response and data analytics products and services in California. Our member businesses include implementation and evaluation experts, demand response companies, engineering and architecture firms, data analytics firms, contractors, financing experts, energy service companies, workforce training entities, and manufacturers of energy efficiency products and equipment. Our mission is to support energy efficiency and demand response policies and programs for all Californians to create sustainable jobs, long-term economic vitality, stable and reasonably priced energy systems, and environmental improvements.

The staff paper suggests an overall framework for the development of the 2030 energy efficiency targets which we think will lead to a strong set of goals. The 2030 goals are more than simple targets based on math. The goals will be comprised of subtargets each of which must have a solid policy foundation to ensure that the achievement of those goals is feasible and the savings produced are reliable. We appreciate the thoughtful approach to the quantification and assessment of the goals.

We note "the gap" referenced in the staff report which appears at page 8 and is characterized as an "illustration of energy savings not known to be achievable". We appreciate the acknowledgment that it may not exist. A myth has been created in many corners that there are no additional achievable energy efficiency savings to be gained. Most recently we see it in the AAEE report and we have heard these questions raised by some parties in the proceeding where resources are being considered to replace those needed to fill the grid needs as a result of the proposed retirement of the Diablo Canyon Nuclear Power Plant.

Staff recommends at page 11 that biennial reporting to the Legislature include "options to remedy the gap (should one exist)." We appreciate the question of whether it exists. We hope that the work of the Commission in developing the 2030 goals will identify not only statutory changes needed to double savings, which we think would be few if any, but also regulatory changes that may in fact be creating constraints that could be artificially creating "the gap." This issue is illustrated in Figures 7 and 8 on page 15. These figures show that economically viable savings are about double (or much more in the case of gas) than the "market" potential. We believe some of this is due to regulatory issues, which are preventing the achievement of cost-effective savings.

We ask that you really question this alleged gap as this work progresses and what can and should be done to address it starting with these areas in CPUC-jurisdictional programs:

- Cost-effectiveness – Although ratepayers are paying much less than the full cost of achieving the resource (because program participants contribute their own savings), the current test for cost-effectiveness includes the participant costs in the calculation. So savings which can be delivered for 40 or 50 cents on the dollar compared to other supply-side resources are dismissed because when participant costs are added, the energy efficiency is at $1.00 or more;

- Custom (Parallel) Review – There is a review process at the CPUC which was created to be a parallel review process to check a set of projects that require custom calculations. Unfortunately, the review is not done in parallel but instead it has become a black hole for the State's largest projects to be held for months and sometimes longer preventing customers from being able to install cost effective projects. Rather than being parallel, the process causes such lengthy delays in projects that sometimes customers drop out and the employees of our member companies, who have invested in making these projects effective, give up and seek other opportunities;

- Energy efficiency measures are being eliminated due to ambiguous practices that establish the baseline for unique large facilities, called “Industry Standard Practice”, which are often done without stakeholder input after a project has been approved by the customer; and

- Attribution – This measurement results in savings being discounted because the customer “might, would or should have done it anyway” For example, we are aware of customers who have sustainability plans or language to that effect on their websites and have been told that makes them free riders. And therefore the savings do not count even though they certainly reduce GHG regardless of who paid for them. We believe that these “free riders” are not fully counted in the CEC’s load forecasts as reduced consumption and are also not counted in the utility savings calculations through the CPUC.

We recognize that the CPUC is slowly starting to process these issues. But in setting the doubling targets, we should get clear on real solutions for these existing regulatory barriers, and identify any others that may exist.

We should of course look under every rock to achieve our energy efficiency goals and beyond and therefore appreciate the segregation made by the staff in identifying subtargets. We agree with the staff position that subtargets other than utility programs and standards will take extended discussion. For example, Property Assessed Clean Energy financing programs likely include significant activities that do not qualify as energy efficiency, or would already be counted in the utility programs, and so may pose a tracking problem. This will take some time to resolve.

We also support staff’s conclusion that electrification of transportation does not count toward the goal. This is not efficiency as described in SB 350.

We appreciate the good work of the Commission and look forward to working with you on the development of the 2030 goals this year.

Kindest regards,

/s/
Margie Gardner
Executive Director