

## DOCKETED

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*Comment Received From: Yanda Zhang*

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**ZYD Energy comments on C&S savings target**

*Additional submitted attachment is included below.*



## ZYD Energy, Inc.

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June 30, 2017

California Energy Commission

Dockets Office, MS-4

Re: Docket No. 17-IEPR-06

1516 Ninth Street

Sacramento, CA 95814-5512

Re: **Using the CPUC 2018 Potential & Goals Study Results to Set SB 350 Targets Associated with Codes and Standards**

ZYD Energy, Inc. appreciates the opportunity to provide comments on the June 19, 2017 Joint Agency Workshop on 2030 Energy Efficiency Targets hosted by the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC). ZYD Energy, Inc. is a California-based company that provides energy efficiency related consulting services to California Investor-Owned Utilities (IOUs) and Publicly Owned Utilities (POUs). ZYD Energy, Inc. applauds the CEC's efforts in developing a framework to guide the further development of SB 350 energy efficiency savings doubling targets. We have one question and some comments regarding the energy savings target associated with the Codes and Standards (C&S) programs.

### **I. Savings for Superseded Standards**

The presentation titled "IOU Target Setting Process" indicated that the CEC will use the CPUC 2018 Potential & Goals Study<sup>1</sup> results to develop targets for IOUs. Slide #6 of the presentation further specifies two adjustments to the final CPUC Potential & Goals Study results, listed below, to be made to obtain targets for IOUs:

- Scaling 2018-2029 projections to 2015 base year for cumulative savings
- Exclude savings from most codes and standards effective after 2019 to avoid double counting with independent estimates by the Efficiency Division for future standards impacts

The CPUC 2018 Potential & Goals Study uses a no-layering approach in assessing energy savings from IOUs' C&S programs. When old standards are superseded by new standards, the no-layering approach removes energy savings from old standards and only keeps the incremental energy savings

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<sup>1</sup> <http://www.cpuc.ca.gov/General.aspx?id=6442452619>



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from new standards.<sup>2</sup> The no-layering approach reflects CPUC’s consideration of C&S savings attributable to IOUs, but does not capture all the impact of C&S on the state’s energy consumption and greenhouse gas emissions. The no-layering approach was not used by the CPUC 2015 Potential & Goals Study, which is the basis of the additional achievable energy efficiency (AAEE) savings referenced by the SB 350 bill. **In using the CPUC 2018 Potential & Goals Study to develop SB 350 target for IOUs, will the CEC perform an additional adjustment to include energy savings from superseded standards to set targets associated with C&S?**

### II. Non-IOU Codes and Standards Savings

The CPUC 2018 Potential & Goals Study provides an energy savings projection for IOUs. The study can easily provide a statewide C&S savings projection, which can be used to set C&S savings targets for POUs planning to implement C&S programs. **We recommend that the CEC coordinate with the CPUC to develop a statewide C&S savings projection based on the CPUC 2018 Potential & Goals Study and use this savings projection to develop C&S savings targets for POUs.**

For two reasons, not all of the statewide C&S savings projection may be allocated to IOUs and POUs in developing their energy savings targets. First, CPUC’s C&S savings calculation method allocates statewide C&S savings to IOUs according to their shares of annual statewide sales electricity and natural gas sales.<sup>3</sup> However, about 3% of the statewide electricity consumption is used for pumping operations of the State Water Project. Therefore, about 3% of the statewide C&S savings will not be allocated to any utilities. Second, major POUs used the same allocation method to calculate their C&S program savings. For POUs that do not have C&S programs, the corresponding share of statewide C&S savings is not allocated to any utilities. **We recommend that the CEC develop a method to properly treat the portion of statewide C&S savings that is not allocated to IOUs or POUs.**

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<sup>2</sup> See section 2.1.6 (page 24) of the draft report on CPUC 2018 Potential & Goals Study:

“The 2018 study continued to use no layering when analyzing net IOU attributable C&S savings. In addition to the removal of layering as provided by ISSM data, the 2018 study analyzed all codes and standards included in the analysis and removed savings from standards that were superseded by other standards once the new standard took effect. This holistic approach to layering removal is a change in methodology relative to the 2015 study. A detailed table of C&S impacted by layering can be found in Appendix D.”

<sup>3</sup> Based on California Energy Demand 2006-2016 Staff Energy Demand Forecast, CEC-400-2005-034-SD



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ZYD Energy, Inc. appreciates the CEC's consideration of our comments and questions. Please do not hesitate to contact me with any questions.

Sincerely,

/s/ Yanda Zhang

Principal  
ZYD Energy, Inc.