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Comments by the CA Efficiency + Demand Management Council on the Draft Report on SB 350

Additional submitted attachment is included below.



September 21, 2017

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

Re: Docket 17-IEPR-06: California Efficiency + Demand Management Council Comments on the Draft Report on Senate Bill 350 Doubling Energy Efficiency Savings by 2030

The California Efficiency + Demand Management Council (the Council) appreciates the opportunity to provide comments on the California Energy Commission (CEC or Commission) Draft Report on Senate Bill 350 Doubling Energy Efficiency Savings by 2030 (Draft Report). We also thank the Commission for the prior opportunity to review and comment on Draft Staff Papers on Senate Bill (SB) 350 Energy Efficiency Targets for Utility Programs and for Programs Not Funded through Utility Rates.

BACKGROUND

The Council is a statewide trade association of non-utility companies that provide efficiency, demand response and data analytics products and services in California.¹ Our member companies employ many thousands of Californians throughout the state. 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. The Council's mission is to support appropriate energy efficiency and demand response policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

¹ For more information about the Council, including the organization's current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org/>. The views expressed by the Council are not necessarily those of its individual members.

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DISCUSSION

1. The Council urges the Commission to provide more detailed action items and recommendations on how agencies can implement the energy savings strategies of the Draft Report.

The Council urges the Commission to provide more detailed action items and recommendations on which agencies could take which actions by when to solidify existing potential and reduce the gap between current potential and the SB 350 targets to double energy efficiency. Areas that require legislative action or support should also be identified. This is akin to a “suggested” or “strawman” action plan to send a clear signal on needed follow-up steps.

The Draft Report should also outline the appropriate forums for agencies to coordinate future action, and to provide advocates, such as the Council, an opportunity to identify where and how to support the State to achieve a doubling of energy efficiency.

The Council recognizes that the Commission does not have authority to mandate action on the part of other agencies. However, the Commission’s analysis is a powerful tool to illustrate the opportunities and real challenges of meeting this target and help all the players understand how they can contribute. A strawman action plan would support implementation of the doubling goal.

2. The Commission Draft Report should include and illustrate possible scenarios to fill the gap between estimated available savings and the SB 350 Target, to better identify policy and implementation options to meet the target.

Recognizing this Draft Report is an exercise in estimating savings and setting targets, the Council would find it beneficial to see the sub-targets that do not currently have estimated energy savings included, perhaps as scenarios, to better understand the options available to fill the gap. For example, the Draft Report could include a wedge depicting a scenario for conservation voltage reduction (CVR) of 1-1.5% savings based on other states’ implementation of CVR; or a wedge for additional savings from some of the remaining “economic potential” in the Goals and Potential Study if policy barriers can be removed; or a wedge reflecting the additional savings if a Program Administrator Cost (PAC) Test were adopted.

3. The Council requests clarification on the source of utility energy efficiency savings data used in the Draft Report.

The Council seeks clarification from the Commission on the source of IOU energy efficiency savings data. The Draft Report cites the 2018 and Beyond Energy Efficiency Goals and Potential Study for its charts and graphs depicting the utility (and non-utility) savings numbers, but the numbers do not match the chart provided in the CPUC Proposed Decision issued on August 25, 2017 (under R.13-11-005). If there is a different source, or treatment was applied to these numbers, beyond the adjustments to align IOU and POU potential studies (which would not

seem to impact annual incremental savings numbers), the Draft Report should detail these changes.

4. The Council requests that the calculations and methodologies used to estimate the non-utility program areas be made public to assist in the research and implementation of programs.

The Council requests the Commission share the calculations and methodologies behind their estimations for non-utility programs. This data and information will be helpful to other agencies and parties that will be contributing to meeting targets. Further, the assumptions made are critical to determining and enhancing the certainty of these savings, as well as to measure the potential sensitivity of energy savings to external policy, market, or implementation impacts.

5. Wedge-Specific Recommendations

A. The Council supports the savings attributed to behavioral, retrocommissioning, and operational savings (BROs) measures since these savings exist; but we are concerned that existing and evolving CPUC policy limits the implementation of these measures.

The CPUC and Program Administrators have processes in place to establish and improve rules around BROs and existing conditions baseline. The Council and its members are very active in these processes and discussions. While some movement has been made in a positive direction, we believe that there are still policy limitations that prevent BROs efforts from happening to their fullest and we caution that these limitations will impact the ability of the state to reach the BROs targets in the Commission report.

There are a number of examples where policy can be a problem for securing these savings, but two examples include:

1. BROs activities often identify operational problems of which the customer is not even aware (for example, the customer experiences the correct temperature in their office, but does not know that the economizer has failed which causes a significant increase in energy). However, the CPUC philosophy is that all equipment should be in good working order before savings can be counted or incentives given – which in this case would prohibit incentivizing the customer to fix the problem.
2. Similarly, Title 24 should only be considered when it is triggered. BROs measures need to be looked at differently than complete replacements or retrofit measures that trigger use of a code baseline. If it is not cost-effective to replace a system, then BROs measures should be employed to improve system performance as much as possible for the remaining time that the customer plans to use the existing systems.

B. The Council completely agrees that savings attributed to the agricultural and industrial sectors can be expanded in the right environment; but the current challenges of CPUC ex ante review limit its attainment.

The Council cautions the Commission that savings estimates in the Draft Report for the agricultural and industrial sectors that fall under utility programs will be challenging until there are significant improvements to the current custom project ex ante review by the CPUC staff and its consultants. Stakeholders are poised to engage in an aggressive effort under the umbrella of the CPUC's Rolling Portfolio Energy Efficiency proceeding to streamline the custom project review process, but the discussions have not yet occurred. Significant delays in the process and a lack of communication among CPUC staff, Program Administrators and implementers has resulted in extreme frustration and the loss of projected savings. These delays and onerous process have also resulted in customers ultimately not implementing the projects; a better way needs to be found.

C. The Council agrees that ensuring or expanding funding for Financing Programs through 2029 will be essential for achieving the savings envisioned in the Draft Report, and encourages the Commission to include action items to pursue the necessary funding.

The Draft Report rightly calls out the need for ensuring and expanded funding for financing programs, including the Water Energy Grant, Low-Income Weatherization Program, Proposition 39, and others to meet the proposed targets. Financing programs in the Draft Report are assuming continuation, if not expansion, of funding, and the Council recommends that action items and the relevant agencies be identified to ensure or expand funding for these programs.

D. The Council supports further research and data collection to understand the full energy savings opportunities within the Agricultural and Industrial sectors.

The Council supports a recommendation for more research and increased data collection on industrial and agricultural energy savings opportunities; these two sectors have significant energy savings potential, however, further and more detailed research is necessary to fully unlock these opportunities.

E. The Council supports further research, such as a potential study, to understand the full energy savings opportunities associated with Conservation Voltage Reduction.

The Council is pleased that the Draft Report appropriately highlights the potential of conservation voltage reduction (CVR) as an important part of the strategy to meet SB 350 energy efficiency goals. This is consistent with the language in SB 350 that explicitly includes CVR within the programmatic activities that may be used to satisfy the doubling goal.² CVR is a proven cost-effective method of achieving energy savings by regulatory commissions and in utility deployments around the country.

² Senate Bill 350, at PRC 25310(d)

The Council supports the recommendation to conduct a CVR potential study for both Investor Owned Utilities (IOUs) and Publicly Owned Utilities (POUs) in the State, with the objective being to qualify CVR as energy efficiency savings and develop the proper incentives and cost-recovery mechanisms for implementation.

Conclusion

The Council appreciates the opportunity to submit these comments and looks forward to continuing our engagement toward the doubling of energy efficiency in California.

Respectfully Submitted By:

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