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PG&E Comments on 2030 Energy Efficiency Doubling Targets

Additional submitted attachment is included below.

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

Re: Docket 17-IEPR-06: Pacific Gas and Electric Company Comments on September 7, 2017 Joint-Agency Workshop on 2030 Energy Efficiency Savings Doubling Targets

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the joint-agency workshop hosted by the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) as well as the opportunity to provide feedback on the draft lead commissioner report, *Senate Bill 350: Doubling Energy Efficiency Savings by 2030* (Draft Report). PG&E provides comments including the following key point in response to the Draft Report:

- PG&E supports the Senate Bill 350 doubling goal and supports finding ways to address the gap identified in figures 1 and 3;
- Decay accounting should be consistent;
- Draft Report figures should only include cost-effective components; and
- Existing fuel substitution programs should be used to calibrate estimates.

PG&E looks forward to continuing to work with staff on this important effort until the adoption of 2030 energy efficiency targets in the fall of 2017.

I. PG&E Supports Finding Ways to Address the Gap Identified in Draft Report Figures 1 & 3

PG&E supports the Senate Bill (SB) 350 doubling effort and has been a strong supporter of energy efficiency (EE) for decades. PG&E sees energy efficiency playing a key role in future electric and natural gas planning and as an important resource for helping the state achieve aggressive greenhouse gas (GHG) reduction goals. Therefore, PG&E applauds the CEC for developing a very thoughtful paper that, in addition to establishing the literal doubling goal and identifying programs that will contribute to meeting the goal, also highlights many of the challenges the state must overcome for energy efficiency to more fully contribute to meeting stated goals. In particular, PG&E supports overcoming evaluation, measurement, and verification (EM&V) challenges such as cumulative savings (p55) and developing new financing structures that will move the market forward (p52). However, PG&E also sees the need for clearer rules on market transformation which will be critical to enabling EE to meet future needs. PG&E looks forward to Phase 3 of R.13-11-005(energy efficiency proceeding) at the CPUC where EM&V rules on market transformation will be refined. Lastly, PG&E looks forward to the expeditious approval and implementation of our business plan, as the new paradigm of statewide and third-party proposed, designed, and delivered programs should unlock additional potential.

II. To Ensure Success in Meeting Doubling Goal, Decay Accounting Should be Consistent

In supporting SB 350 doubling efforts, PG&E wants to ensure that the state is setting itself up for success in meeting the expressed goal. In reviewing the accounting and underlying forecasts, PG&E noticed that the levels of decay in the 2013 additional achievable energy efficiency (AAEE), which is the basis for establishing the goal, were very low, if included at all. In contrast, levels of decay in the new CPUC Potential Study are much higher, creating an inconsistency in accounting between the forecast that sets the goal and the savings counted against that goal. This results in doubling goals that may be perpetually out of reach because the goal itself counts the vast majority of early year savings while much of the actual savings will have expired prior to 2029 and won't be counted toward the goal. To ensure success, steps should be taken to ensure consistency in decay treatment between the goal and savings accounting. CEC Staff noted the need for further work on the issue of decay in their presentation. PG&E supports this idea and urges the Commission to undertake the work to address this inconsistency.

III. To Ensure Clarity, Figures 1-3 Should Include the Literal Doubling and Only Components that are Cost-Effective and Have Firm Funding

Figures 1-3 in the Draft Report juxtapose the literal doubling goal and what can reasonably be interpreted as the cost-effective contributions towards meeting that goal.[1] In the case of utility programs and building codes and standards this interpretation is accurate. However, in cases such as agricultural and industrial, the savings is not currently cost-effective as it is based on savings from the Potential Study and beyond what the CPUC found to be cost-effective.[2] Therefore, no firm funding exists for this savings stream. To ensure the magnitude of the incremental savings required (the savings beyond what is currently cost-effective) is not mischaracterized, these figures in the Draft Report should be limited to illustrating the literal doubling and what is cost-effective and supported by secure funding. Additional figures should be developed to show a stretch case that includes these other, non-cost-effective components as illustrative pathways to achieving the goal. However, this savings should not be included in the base non-utility programs component at this time and should instead be treated as a stretch case sensitivity.

IV. Existing Fuel Substitution Programs at SMUD and Palo Alto Should be Used to Calibrate Likely Savings Levels

At the September 7, 2017 Workshop, CEC staff indicated that no fuel substitution programs exist to use in developing fuel substitution savings estimates. While it is true that the CPUC and POU potential studies do not include fuel substitution, two individuals noted that Sacramento Municipal Utility District (SMUD) and Palo Alto have fuel substitution programs that could be used to develop estimates of potential fuel substitution uptake. PG&E recommends that the adoption rates for these programs be examined to inform the modeling used in the Draft Report. Such an effort would serve to calibrate likely savings levels from fuel substitution efforts and would be a better basis for developing these estimates than the current method.

IV. Conclusion

[1] Melissa Jones, Michael Jaske, Michael Kenney, Brian Samuelson, Cynthia Rogers, Elena Giyenko, and Manjit Ahuja. 2017. *Senate Bill 350: Doubling Energy Efficiency Savings by 2030*. California Energy Commission. Publication Number: CEC-400-2017-010-CMD. Pgs 2-3.

[2] Agricultural and industrial estimates were developed based on the difference between the PAC aggressive case in the Potential Study and the TRC greenhouse gas (GHG) Adder 1 case. The CPUC determined that the Adder 1 case was the cost-effective case. This means that the incremental savings identified in this component is not currently cost-effective.

PG&E appreciates this opportunity to comment on the September 7, 2017 joint-agency workshop as well as the draft commissioner report and looks forward to continued participation in this process.

Sincerely,

/s/

Wm. Spencer Olinek