BEFORE THE STATE OF CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

Comments of the Northern California Power Agency on April 4, 2011 Staff Workshop – 2013 Building Energy Efficiency Standards (CEC Docket 10-BSTD-01)

The Northern California Power Agency[1] (NCPA) appreciates the opportunity to comment in response to a California Energy Commission (CEC) building standards workshop held on April 4, 2011. As a practical matter, NCPA and its member utilities appreciate the ongoing efforts being undertaken by the CEC staff as it hosts a series of six public workshops intended to update California building energy efficiency standards. Such an effort serves as the foundation for evaluating the cost effectiveness of the various energy efficiency programs offered to California consumers, including those offered by our member utilities.

The April 4 workshop focused on lighting standards, and we are generally supportive with the direction the draft 2013 language is moving, with the exception of three key elements. NCPA is concerned about the draft language requiring that lighting retrofits be allowed only in conjunction with Title 24 permits and accompanying controllable dimming or multi-level ballasts. We are also concerned that the cost-effectiveness analysis is incomplete and that the proposed compliance trigger will impose undue burdens on local government. These changes will significantly reduce the installation of lighting retrofits and ultimately reduce energy efficiency savings throughout the state.

The crux of the problem with the ballast language is the cost of the additional permitting and ballasts, vis-à-vis the total cost of the lighting retrofit. The cost to install dimmable or multilevel ballasts is significantly greater than the cost of a standard fixed output electronic ballast. In general, the cost of a standard, fixed output ballast is $10-19 per ballast, but the cost of a dimmable, multi-level ballast is $30-50 per ballast. This added cost, in addition to the extra labor cost associated with the installation and commissioning of the equipment would make it virtually impossible for future lighting retrofits to pass the state's cost-effectiveness criteria. Even if dimming and multi-level ballasts fall to $30 for distributors, distributor and contractor mark-ups, as well as the cost of controls, labor, and commissioning, will force these products to be not cost effective. Retrofit projects typically need a maximum three-year payback, or they simply will not happen.

[1] NCPA members include the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Bay Area Rapid Transit District, Port of Oakland, and the Truckee Donner Public Utility District, and whose Associate Members are the Plumas-Sierra Rural Electric Cooperative, and the Placer County Water Agency.

Regarding the cost-effectiveness analysis, we are concerned that the Draft Codes and Standards Enhancement Case (CASE) report for lighting retrofits only looks at the benefit-cost ratio of different control measures, based on 15 years of energy savings. For small office retrofits, the benefit-cost ratio ranges between 0.9 and 1.3, depending on the retrofit strategy. From a business perspective, a more appropriate measure of cost-effectiveness would be the project payback. Projects with payback of more than 2-3 years are typically rejected by small to medium-sized businesses, especially those that rent office space. Assuming that a lighting retrofit strategy has a benefit-cost ratio of 1.5, the estimated payback would be 10 years and likely fail the cost-effectiveness test for most businesses. Utilities are currently offering energy efficiency program incentives to businesses to undertake lighting retrofit projects that are considered cost-effective. Under Title 24, these projects will no longer qualify for utility incentives. NCPA recommends that the CEC incorporate a customer payback analysis as part of the cost-effectiveness review for Title 24 requirements.

Finally, NCPA is concerned that the lowering of the "luminaires moved or replaced" trigger from 50% to 10% could dramatically increase the number of projects that need to be permitted, thereby increasing the number of compliance inspections and permit processing work under local governments. For most cities, there are limited staffing resources to deal with existing permit-related workloads. Given the harsh financial conditions faced by many city governments, the additional workload created by lowering the compliance trigger would likely created further backlogs.

The following list provides specific recommendations regarding the CEC's draft language

1. Page 12: "Proposed change does not encourage a particular technology." We disagree. This recommendation funnels projects directly towards a narrow range of controls and controlling technologies.
2. Page 13: Cost effectiveness. Text does not account for replacement costs when the product fails. We prefer that the baseline be the base cost of replacement without the proposed Title 24 mandates.
3. Page 16: Regarding the on-line survey, proposed changes should not be based on a survey response of 26.
4. Page 23: 15-year lifecycle: We disagree with the timeframe of the lifecycle. Changes in technology and utility rebates will drive products that are installed today out of customer locations within 5 years.
5. Page 25: "The retrofit market is more constant...does not vary as with economic cycles." We disagree. Verifiable program data proves retrofits are sensitive to economic cycles.
6. Page 25: "Alteration projects... occur once every ten years." We disagree. Rebates can influence this to every 3-5 years.
7. Page 26: "The decision about whether or not to upgrade...tenancy change" We disagree. Most upgrades occur without a tenancy change.
8. Page 26: "not discretionary" Rebate programs are influenced by the availability of discretionary dollars
9. Page 27: Chart – Luminaries Retrofit Projects by Commercial Building Type" This "large" market viewpoint does not appropriately represent smaller markets.
10. Page 28: "Lighting retrofits happen more frequently in office buildings." We disagree. The frequency of retrofits depend on the market and demographics

11. Page 29: "Less than 15% .. Projects affecting less than 30 luminaries." This is too general a statement to have included in the text.

In essence, this proposal appears to make lighting retrofits not cost effective for small and medium commercial customers. They have the hardest time affording the lighting retrofits, even with rebates that are provided to them. Quite frankly, many of these customers have few other cost-effective options that are available. The language in its present form would eliminate this option and have the unintended consequence of reducing energy efficiency savings throughout the state, inconsistent with state policy objectives.

NCPA and its member utilities are fully committed to the development of building standards that promote the deployment of cost-effective energy efficiency programs throughout NCPA member communities as well as the state of California. We look forward to a continued dialogue on this issue as well as others related to the development of the 2013 building standards.

Respectfully Submitted,

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April 18, 2011