

**DOCKETED**

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## Response to CEC Docket #17-EBP-01 Submissions

The following comments are a continuation of two previous submittals from the California Energy Alliance (CEA) to Docket #17-EBP-01 regarding the Commission's plan to enforce California Senate Bill 1414 (Wolk, Chapter 678, Statutes of 2016). These comments are in response to Comments to the same docket by the Air Conditioning Contractors of America (ACCA) on November 2<sup>nd</sup>, 2018, and comments by the Heating, Air-conditioning, & Refrigeration Distributors International (HARDI,) also on November 2<sup>nd</sup>, 2018. Specifically, the CEA will discuss the objections raised by both the ACCA and HARDI against the need for an equipment registration program. Hopefully, we can clear up some misunderstandings of the CEA proposal for such a program. We will begin with some general observations and then address specific objections.

The CEA understands essentially all of the positions represented in both ACCA and HARDI comments including their opposition to serial number tracking. The CEA agrees on the need for more training for contractor and building officials, on the need for more enforcement (both on a state and local level,) on the need for homeowner education and that homeowners should be held responsible for pulling permits, that inspectors should keep their appointments, that continuing education should be required for licensed HVAC contractors, and that a uniform statewide permitting system would be preferable to over 800 local variations.

Most industry stakeholders have supported these policies for over two decades. The reason we are still talking about these strategies for increasing compliance is that they are all complex and expensive to implement, none assure success at increasing compliance, and all represent a long-term solution for a problem we have but two years to correct.

We at the CEA agree, all of this needs to be done, but the hard reality is that we no longer have the luxury of time. Increasing public awareness is ongoing, incredibly expensive and time consuming. We have two years to increase compliance eight fold. The only plan that offers any hope of success in that time frame is to provide contractors an inexpensive and easy way to comply through statewide online permitting paired with a simple and effective program to catch and punish those who continue to ignore the law. The only realistic way to do that is through a system that correlates HVAC units sold with building permits closed.

We believe both ACCA and HARDI misunderstood our proposal for a statewide equipment registration system for California. Both sets of comments equate our proposed equipment registration program with a serial number tracking system.

ACCA's comments even use the acronym for serial number tracking (SNT) when referring to the proposed equipment registration system.

The differences between the proposed equipment registration program and serial number tracking are not subtle. These are two distinctly different concepts. SNT systems put onerous and expensive responsibilities on equipment manufacturers. Equipment registration does not. Equipment registration does not involve manufacturers at all. SNT potentially exposes sales information that should remain private. Equipment registration does not. Equipment registration does not even record the make of the equipment sold. SNT systems "track" specific pieces of equipment through the distribution channel. Equipment registration does not. Equipment registration does not record the eventual location of the equipment sold.

What equipment registration does is record how many units of equipment are purchased from distributors by each licensed contractor in California, and then reconciles the number of units of equipment purchased with building permits pulled and closed by each contractor. If a contractor buys significantly more equipment than he or she pulls permits for, it triggers an inquiry by the local municipality and, if required, by California State License Board. Simply put, the registration system enables enforcement agencies to focus on the worst law abusers and rewards the municipalities financially for their efforts.

The CEA fully supports a mandate for an easy-to-use and cost-effective statewide online permitting system for HVAC, but we do not believe that an online permitting system will increase compliance significantly without an effective enforcement mechanism. How many of us would obey traffic laws without the threat of tickets and fines? How many citizens would pay their taxes without the risk of an IRS audit and penalties? Expecting an industry, that today disobeys the law over 90% of the time, to begin pulling permits without effective enforcement is naive and short-sighted.

Once again, we agree with HARDI when they warn about ". . . equipment tracking that are poorly designed and create major problems if implemented". While we see no practical enforcement option other than a well-designed equipment registration system, we fully support an open discussion and a series of public hearings to work out the fine points of the proposed system and ensure an efficient and cost effective program.

We do appreciate the point that HARDI and others have made against the proposed use of identification stickers for HVAC units. We agree that this element could be eliminated.

Another apparent point of misunderstanding in our recommendation for developing and managing an equipment registration program is the potential cost. The development of a program such as we describe would not be expensive if integrated into specifications for online permitting programs and HERS registries. The system could either be administered by the State or a 3<sup>rd</sup> party organization. A small transaction fee

could cover development and administration costs, so the program could potentially cost the State nothing.

Industry forces have successfully scuttled previous CEC efforts to implement serial number tracking claiming that more training, greater public awareness, and increased enforcement will raise compliance. Today's very low compliance rates are the consequences of those actions. We cannot let this perspective sink the equipment registration program also.

ACCA is a valuable and beneficial force in the HVAC industry, however, they represent just one set of stakeholders in a very large industry. CEA believes the public, and the HVAC industry at large, support better control of energy consumption, reductions in greenhouse gas emissions and programs and policies that ease the impact of climate change. ACCA, HARDI, HVAC equipment manufacturers, and the entire HVAC industry must come together and understand that this is no longer just about protecting constituents or constituent revenue streams. The California legislature has set challenging goals for our industry. It is the responsibility of every stakeholder and every stakeholder representative to support meaningful progress towards their realization.

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