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SMUD Comments Re: 2019 Action Plan Development Workshops

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Additional submitted attachment is included below.

**STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of:)	Docket No. 19-IEPR-06
)	
2019 California Energy Efficiency Action Plan)	2019 Action Plan Development Workshops
)	
)	May 15, 2019
)	

**Comments of the Sacramento Municipal Utility District
on the Development of the 2019 California Energy Efficiency Action Plan**

SMUD appreciates the opportunity to provide comment on the development of the *2019 California Energy Efficiency Action Plan* (2019 Action Plan). SMUD understands that the California Energy Commission (CEC) intends to combine reporting requirements for energy efficiency in existing buildings and saving targets expected to result in a doubling of statewide energy efficiency savings by 2030, to form the 2019 Action Plan. SMUD participated in one of the five “kickoff” workshops held around California. SMUD provides the following input to the questions posed in the workshop notice:

Building Standards

CEC Questions 1-2: *One goal from the 2016 Existing Buildings Energy Efficiency Plan Update was to make the 2019 Building Energy Efficiency Standards easier to use/understand than previous iterations. In your view, was this goal achieved?*

What are the immediate steps you recommend taking to improve compliance with building energy standards?

SMUD Input: See SMUD Input to Question 14 below.

Benchmarking

CEC Question 3: *Are building owners looking at their energy consumption or just reporting to benchmarking?*

SMUD Input: SMUD offers online energy tools enabling customers to view their energy consumption data and identify ways to save energy and costs. The data can be exported/downloaded. Large business customers typically have their own energy management systems as well.

CEC Question 4: *What type of encouragement or support, beyond monetary, would lead to improved benchmarking scores over time?*

SMUD Input: Customer engagement and training. SMUD continues to offer several energy efficiency programs (e.g. audits, product rebates, etc.) and benchmarking services to customers. Also, SMUD offers training classes (e.g. Codes and Standards, Benchmarking, etc.) to help customers address energy efficiency and benchmarking.

Market Transformation

CEC Question 5: *How can local governments continue to support and/or expand energy efficiency efforts?*

SMUD Input: In partnership with the local utility, local governments can establish “reach” goals to help utilities transform the markets. SMUD stands ready to work collaboratively with local governments to determine communities that would benefit from a united approach to support energy efficiency efforts. Recently, SMUD along with nine community partners (e.g., Sacramento Housing and Redevelopment Agency, City of Refuge, etc.) pledged to contribute a minimum of \$750,000 to initiatives in Sacramento’s Promise Zone neighborhoods (those neighborhoods with a federal designation given to underprivileged communities). Under its Sustainable Communities Initiative, SMUD supports energy efficiency savings through the installation of energy efficient projects.

CEC Question 6: *Which private-sector financial mechanisms have been most successful in supporting energy efficiency?*

SMUD Input: None at this time.

CEC Question 7: *What changes, if any, are expected or ongoing in the energy efficiency market due to the expansion of community choice aggregators?*

SMUD Input: None at this time.

CEC Question 8: *Have you seen improvements in energy efficiency marketing, outreach, and education efforts? If not, what areas are still undeveloped? Please provide examples.*

SMUD Input: Residential renters remain the toughest market, largely due to split incentives. Since most owners do not pay the utility bill, they have little incentive to make their apartment units or single-family homes more energy efficient or take actions to reduce carbon (electrification). While the renters have an incentive to lower their utility bills, their options are often limited to behavioral measures within their control.

CEC Question 9: *In your opinion, what retrofit programs (please specify sector) are most successful? What makes the program successful?*

SMUD Input: When defining “success” as achievement of most cumulative energy savings or carbon reductions, commercial and residential comprehensive programs are the most successful. They give the customers and the utility long term savings/reductions and these programs have made the customers more comfortable in their homes or more efficient in their businesses.

CEC Question 10: *What barriers remain for energy efficiency to be a reliable grid resource? Are there data limitations, lack of quality results, lack of awareness, etc. What immediate steps do you recommend the Energy Commission take to resolve these barriers?*

SMUD Input: The pie of available savings for utility energy efficiency savings is continually shrinking as years if not decades of program efforts and statewide Building and Appliance standards have captured much of the low-hanging fruit. In particular, while lighting measures have been a mainstay of savings from utility programs historically, there is currently or soon will be little room left for additional savings from these programs, as new lighting standards take effect.

The CEC should avoid consideration of energy efficiency in a “silo” and establish a bundled effort focused on reducing carbon in end-uses while increasing the use of renewable, non-GHG source energy. Energy efficiency, carbon reduction, storage, renewables, electrification, storage and electric vehicles need to be treated together rather than as separate goals. Utilities (and local governments) need to be encouraged to do the same.

Building Decarbonization

CEC Question 11: *What are the main concerns with implementing programs that focus on reducing carbon emissions from buildings?*

SMUD Input: It can be difficult to develop metrics that focus on carbon reductions rather than on-site energy and bill savings. There is also a likelihood that efforts to decarbonize buildings by replacing the use of on-site natural gas will be fought against by those with an interest in selling natural gas. The state should guard against the use of inaccurate information raising stakeholder concerns about decarbonization.

CEC Question 12: *Heat pump water heaters and space conditioners are expected to play a role in building decarbonization, they currently occupy a small portion of the market; what actionable steps do you think are viable to improve the market potential of the technology?*

SMUD Input: Education and incentive programs are key here. Most people have little experience with heat pumps for heating their homes or their water, even as they use heat pumps for their refrigeration and air conditioning needs without much complaint or thought. Reach codes and proper treatment in Building Standards can help get market penetration and get consumers aware of the energy and GHG benefits of heat pumps for space and water heating. Utility incentive programs work well to get customers, builders, and contractors to implement these decarbonization measures.

Low Income and Disadvantaged Communities

CEC Question 13: *What type of energy efficiency programs are shown to be most successful in low-income and disadvantaged communities? Please cite any evidence such as program results or customer testimonials.*

SMUD Input: None at this time.

Standards Compliance

CEC Question 14: *In your experience, what are the primary drivers of non-compliance with building standards?*

SMUD does not believe that standards non-compliance is a significant problem with new homes, but understands there is significant non-compliance in retrofit situations, at least as measured through the presence or absence of a building permit (a permit would ensure that retrofits meet compliance, but lack of a permit does not necessarily mean non-compliance). One problem is that building permits can be expensive and time-consuming. Making building permits easier and less-expensive for consumers and contractors will increase the percentage of retrofit jobs that include permits, thereby providing a measure of compliance assurance. Making a lack of a permit for a job would address the same issue from an enforcement perspective. On-line, appropriately priced permits will reduce permitting costs and burdens. The state should assist local jurisdictions to create consistently and appropriately priced on-line permit applications, lowering the barrier to permits.

Utility incentive programs can also increase compliance because they require a permit. However, in the current compliance environment, some incentive dollars merely pays for the permit, rather than incenting efficiency improvements. The state could also significantly help standards compliance by working with utilities, large appliance retailers, and trade associations to establish a tracking system that would, for example, associate a contractor license number with any appliance purchase related to an HVAC or water heating retrofit.

In some local jurisdictions, the sale of a house or building requires that previous major retrofits be permitted or “brought to code” prior to sale. Other local jurisdictions should be encouraged to adopt this practice. The home inspection industry should make permit lookup a basic part of home inspection checklists to avoid delays in real estate transactions and achieve greater code compliance.

Finally, complexity is a barrier to compliance. Requiring complicated testing and documentation for retrofit projects can drive up the cost of permitting and reduce the interest in getting a permit. Testing and documentation should be established at the minimum level needed to ensure reasonable compliance, not to go after the perfect retrofit installation.

Workforce Development

CEC Question 15: *Have state efforts resulted in workforce improvements to install energy efficiency measures? Provide examples of effective energy efficiency workforce training efforts.*

SMUD Input: For the past 3 years, SMUD led an energy efficiency career exploration training for teachers to bring into the classroom. This program reached over 500 students in the Sacramento Region. Students learned the basics of conducting energy efficiency audits on their classrooms and at local businesses. Guest speakers visited the classroom to talk about careers in the industry.

Thank you again for the opportunity to comment on the development of the 2019 Action Plan.

/s/

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cc: Corporate Files (LEG 2019-0115)