

DOCKETED

Docket Number:	19-IEPR-06
Project Title:	Energy Efficiency and Building Decarbonization
TN #:	229830
Document Title:	Center for Sustainable Energy Comments on 2019 Energy Efficiency Action Plan
Description:	N/A
Filer:	System
Organization:	Center for Sustainable Energy
Submitter Role:	Public
Submission Date:	9/24/2019 9:13:29 AM
Docketed Date:	9/24/2019

*Comment Received From: Center for Sustainable Energy
Submitted On: 9/24/2019
Docket Number: 19-IEPR-06*

**Center for Sustainable Energy Comments on 2019 Energy Efficiency
Action Plan**

Additional submitted attachment is included below.

September 24, 2019

California Energy Commission
Docket Unit, MS-4
Re: Docket 19-IEPR-06
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 19-IEPR-06 – Comments of Center for Sustainable Energy® regarding the 2019 California Energy Efficiency Action Plan – Draft Staff Report

I. INTRODUCTION

The Center for Sustainable Energy® (CSE) appreciates the opportunity to comment on the 2019 California Energy Efficiency Action Plan – Draft Staff Report (Action Plan). CSE is pleased with the California Energy Commission’s (Energy Commission) consolidation of action plans into a comprehensive outlook on doubling energy efficiency (EE) savings, expanding EE in low-income and disadvantaged communities (DACs), and reducing greenhouse gas (GHG) emissions from buildings. As these goals are highly intertwined, CSE believes this holistic approach will better inform efforts to achieve them. Similarly, CSE is also encouraged by the Energy Commission’s collaboration with the California Public Utilities Commission (CPUC), California Air Resources Board (CARB), California Independent System Operator (CAISO), and other state agencies and stakeholders in the development of the Action Plan.

While CSE strongly supports the overarching goals of the Action Plan, and the draft provides a comprehensive review of the State’s efforts to meet these goals, we suggest the Energy Commission take a more focused approach in developing a framework for moving forward. As the State’s “roadmap for an energy-efficient and low-carbon future for the built environment,”¹ stakeholders will benefit from greater direction on a cohesive strategy for how the various programs and initiatives work together. Similarly, as the Action Plan offers a long list of recommendations, the Energy Commission should consider adding additional details on key priorities, timing, and desired impact. We offer suggestions for specific improvements and prioritization as outlined below:

- Prioritize Code Compliance
- Improve Data Collection, Transparency, and Access
- Develop a Clear Path for Integrating Energy Efficiency and Demand Response
- Reduce Barriers from Cost-Effectiveness Tests
- Streamline Processes and Reduce Bureaucratic Inefficiencies

¹ California Energy Commission. August 2019. *2019 California Energy Efficiency Action Plan – Draft Staff Report*, page 1.

II. PRIORITIZE CODE COMPLIANCE

According to the Action Plan's outlook on statewide cumulative efficiency savings targets, most savings are expected to come from codes and standards. As a greater proportion of savings are projected to be captured by codes and standards, it becomes increasingly important that building code compliance is improved to realize actual savings and benefits. Therefore, CSE recommends the Energy Commission prioritize Recommendations E and P as outlined under Goal 1 in the Action Plan.² As noted in Recommendation E, one example of improving building standards compliance includes implementing the findings from the Senate Bill (SB) 1414 (Stats. 2016, ch. 678) plan, which focuses on improving energy compliance of HVAC systems. CSE provided comments to Docket No.17-EBP-01 on August 20, 2018, expressing support for, among other things, the establishment of streamlined compliance processes for HVAC systems, and filed a report CSE developed for the Energy Commission recommending the development of a statewide online permitting system.³ CSE believes such recommendations continue to present significant opportunities to improve HVAC system compliance and, as a result, contribute to meeting EE targets. In addition, the Energy Commission should establish a framework for incentive structures or enforceability measures to guide local governments in ensuring compliance with codes and standards.

While CSE agrees that local governments should act as the lead for improving building and appliance code compliance at the local level through locally-lead technical assistance, outreach, and education programs, as noted in Recommendation P, it is essential that the Energy Commission and additional entities support local governments in these efforts. Local governments are often resource-constrained, while energy codes and standards are complicated, and projects vary greatly. CSE has learned the effectiveness of one-on-one and group hands-on training for local plans examiners and inspectors. CSE's Energy Code Coach program provided support and opportunities to increase collaboration among the local jurisdiction building department staff and applicants, which successfully helped build capacity for compliance with the energy code.⁴ As such, CSE suggests the Energy Commission coordinate with other agencies and stakeholders, such as investor-owned utilities (IOUs), to identify funding mechanisms for additional training and resources for local governments. Such efforts could coincide with support for local governments seeking to develop reach codes, which relates to Recommendation O for Goal 3: Building Decarbonization. In addition to training and resources for existing code officials, we urge the Energy Commission to consider ways to help develop the building code workforce, especially considering it is expected to see significant levels of retirements in the coming years due to an aging

² California Energy Commission. August 2019. *2019 California Energy Efficiency Action Plan – Draft Staff Report*, pages 7 and 9.

³ *CSE Comments on Improving Energy Compliance of Central Air Conditioning and Heat Pump Systems*, available at <https://efiling.energy.ca.gov/GetDocument.aspx?tn=224547&DocumentContentId=55095>.

⁴ Center for Sustainable Energy, Energy Code Coach, available at <https://energycenter.org/program/energy-code-coach>.

workforce.⁵ For all training, resources, and workforce development, it will be essential that the Energy Commission seek ways to integrate across disciplines and prepare building professionals for future technologies and integrated systems, including electric vehicles (EV) and EV infrastructure, solar photovoltaic (PV) systems, and load management and controls within buildings.

III. IMPROVE DATA COLLECTION, TRANSPARENCY, AND ACCESS

Achieving the ambitious and necessary goals outlined in the Action Plan will require the participation of a robust and diverse group of stakeholders engaged in EE and building decarbonization efforts. In addition, successful projects and programs will need accurate and comprehensive data to inform design, target savings, and track and improve efforts. As such, CSE strongly supports the Action Plan's recommendations to improve data collection, including Recommendations B and D for Goal 1. It is also important that energy-related datasets are transparent and accessible to a diverse group of stakeholders, while adhering to privacy standards, to enable tailored programs and data-driven customer offerings aimed at reducing energy use and peak demand. Local governments and third-party implementers and aggregators have expressed challenges in accessing accurate and complete energy use data from IOUs. Therefore, CSE recommends the Energy Commission and CPUC, along with stakeholder input, develop guidance and principles for data sharing activities that protect privacy but allow for local governments and third parties to access the data necessary for successful EE and building decarbonization efforts.

IV. DEVELOP CLEAR PATH FOR INTEGRATING ENERGY EFFICIENCY AND DEMAND RESPONSE

The Action Plan correctly highlights the need for greater demand flexibility in order to meet EE and building decarbonization goals, noting "the need to redesign programs to reduce energy use when GHG content of electricity is highest, and to shift energy use when GHG content is cleanest."⁶ CSE strongly supports the Action Plan's recommendations to develop load management and demand flexibility standards, incentive mechanisms for load shifting, and incorporate demand flexible infrastructure into building codes. To support these recommendations, we encourage the Energy Commission and CPUC to develop a holistic framework for integrating EE and demand response (DR) in all relevant future programs and initiatives.

While IOU third-party EE solicitations have begun to seek to procure more than \$20 million per year in proposals that integrate energy efficient lighting and HVAC systems with demand response controls to promote load flexibility, CSE believes a more comprehensive integration of EE and DR is needed to

⁵ International Code Council. August 2014. *The Future of Code Officials: Results and Recommendations from a Demographic Survey*, available at https://www.iccsafe.org/wp-content/uploads/membership_councils/2014-ICC-NIBS-Study-The-Future-of-Code-Officials.pdf.

⁶ California Energy Commission. August 2019. *2019 California Energy Efficiency Action Plan – Draft Staff Report*, page 4.

unlock deeper energy savings and GHG emissions reductions. This includes developing clear guidance on program goals, clarity on cost-effectiveness, and integration of funding streams. In addition to aligning programs and standards, this will require increased training on the load management concepts, controls integration, and the interaction of building systems. As systems are increasingly integrated, it will no longer be sufficient to consider each system on its own; rather, this will require the engagement of multiple trades in the building and energy industries. As such, the Energy Commission should consider developing or supporting training in load management, enabling controls, and more importantly: integration of controls across disciplines and building systems. This will require broad industry support and the continued development and advancement of standardized communications protocols that are user-friendly, designed with integration in mind, and have the bandwidth and speed of communication required of modern systems. The full integration of robust EE and DR programs will help drive adoption of these technologies, creating a demand for skilled workers that will better enable the State to meet its goals.

V. REDUCE BARRIERS FROM COST-EFFECTIVENESS TESTS

CSE urges the Energy Commission to issue recommendations to address the elephant in the room holding back EE in California – cost-effectiveness. While CSE appreciates the importance of pursuing EE measures that are cost-effective to ensure ratepayer funds are being expended judiciously and to ensure compliance with legislative mandates such as Senate Bill 350, the way the State determines cost-effectiveness is clearly not working. This has resulted in IOU business plan portfolios that, after years of discussion, still strain, or fail, to meet the required 1.25 Total Resource Cost test for cost-effectiveness, yielding administrative and programmatic churn, a waste of countless ratepayer dollars, and market uncertainty.

This is a lose-lose proposition for third-party implementers, IOUs, ratepayers, and the State in its effort to meet SB 350 goals. IOUs are being incentivized to pursue a path of least resistance and engage in speculative forecasting to clear a misguided and unrealistic threshold, while third-party implementers are incentivized to submit bids based largely on prospective regulatory compliance rather than innovation and market need. Holistic and potentially valuable program areas, such as emerging technologies, workforce education and training, and local government partnerships, struggle to find relevance in this rigid environment. Compounding this uncertainty has been the lack of clarity around normalized metered energy consumption (NMEC), which provides for a more timely and accurate approach to evaluation, measurement and verification but has been similarly mired in regulatory uncertainty.

Through initiatives such as the EE Rolling Portfolio, EE Market Transformation framework, the Building Decarbonization Proceeding, EE/DR Integration Decision,⁷ Assembly Bill 793, Assembly Bill 802, and DER

⁷ D.18-05-041, *Decision Addressing Energy Efficiency Business Plans*, May 31, 2018, pages 34-38.

Tariff, the State has taken significant strides to make EE in California more dynamic and relevant. Unfortunately, these efforts are dwarfed in scope and scale by the IOUs' business plan portfolios, and if the State does not address the elephant in the room that is holding them back, it runs the risk of devaluing or holding EE back at a critical time.

For this reason, CSE urges the Energy Commission to go above-and-beyond its recommendation to develop co-benefit metrics, Goal 1(d), and instead recommend the convening of workshops to determine which test, and at what threshold, is most realistic and appropriate to determine the cost-effectiveness of EE programs.

VI. STREAMLINE PROCESSES AND REDUCE BUREAUCRATIC INEFFICIENCIES

In addition, CSE urges the Commission to acknowledge the bureaucratic inefficiency surrounding the rolling portfolio process. After years of robust discussion among the IOUs, CPUC, and other interested parties, solicitations are still outstanding, with stakeholders such as the Public Advocates Office arguing for a rethink of the rolling portfolio process because of how belabored these first rounds of solicitations have been. CSE commends the CPUC for convening California Energy Efficiency Coordinating Committee working groups this Fall to deliberate on this issue of process and emphasize the importance of untangling what has become an untenable regulatory web. Specifically, CSE urges the CPUC to focus its attention on the solicitations themselves, where tangible determinations related to strategies, tactics, and cost-effectiveness can be made, rather than on the accuracy and robustness of the forecasts contained in the Business Plans or Annual Budget Advice Letters (ABALs). Notwithstanding the time and effort stakeholders invested in assembling and ultimately approving the IOUs' Business Plans, the further along we go in the solicitation process, the further the IOUs stray, perhaps necessarily so at times, from the details contained in the Business Plans. In a process driven by programs designed and implemented by third parties, the reality is the IOUs only have so much input and foresight into what prospective programs will look like and how cost-effective they will be. As such, specificities contained in the Business Plans or multi-year forecasts in ABALs are speculative at best and do not warrant the scrutiny they currently receive. Rather, those details should be expected in the solicitation proposals, where stakeholders can assess the merit of program design elements and cost-effectiveness. Doing so can help ensure that the third-party implementation model, which CSE staunchly supports, can be sufficiently streamlined to succeed.

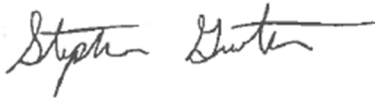
///

///

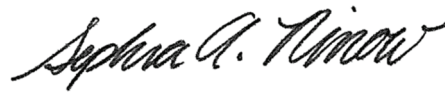
VII. CONCLUSION

CSE appreciates the opportunity to provide these comments regarding the 2019 California Energy Efficiency Action Plan – Draft Staff Report. We look forward to continued collaboration with the Energy Commission, CPUC, CARB, and other state agencies and stakeholders in the State’s efforts to double EE savings, expand EE in low-income and DACs, and decarbonize buildings.

Sincerely,



Stephen Gunther
DER Policy Manager
Center for Sustainable Energy®
3980 Sherman St., Suite 170
San Diego, CA 92110
Tel: (858) 633-8006
stephen.gunther@energycenter.org



Sephra A. Ninow, J.D.
Director, Regulatory Affairs
Center for Sustainable Energy®
3980 Sherman St., Suite 170
San Diego, CA 92110
Tel: (858) 244-1186
sephra.ninow@energycenter.org