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CEDMC Comments on the 2019 Energy Efficiency Action Plan

Additional submitted attachment is included below.

**Comments of the California Efficiency + Demand Management Council (CEDMC) on the draft 2019
California Energy Efficiency Action Plan
September 24, 2019
Submitted by: Nate Kinsey (nkinsey@cedmc.org)**

Introduction

The California Efficiency + Demand Management Council (the Council) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) 2019 California Energy Efficiency Action Plan (EEAP) and the materials presented at the Joint Agency on Energy Efficiency and Building Decarbonization workshop held on August 27, 2019. The Council applauds the effort that CEC staff and contributors put into consolidating the activities ongoing throughout the state to achieve energy efficiency, low-income and disadvantaged community equity, and building decarbonization goals established in Senate Bill (SB) 350, and Assembly Bill (AB) 3232. However, it was disappointing to see that on our current trajectory, California will not achieve many of its established goals, including the doubling of energy efficiency by 2030. We believe it is imperative for the CEC to take lead on providing policy and technical guidance to correct these trends and ensure that California achieves its climate and energy goals. To make this course correction, the Council requests that the CEC take the following actions as it finalizes the EEAP and begins to implement policies in 2020:

- Track the doubling of energy efficiency goals separately by fuel type as defined in SB 350;
- Convene a working group via the California Technical Forum (CAL TF) to develop cost-effectiveness metrics that align with California's clean energy policy goals, allow all technologies to contribute to the state's goals, such as Conservation Voltage Reduction (CVR), and can be applied to new programs;
- Convene a working via the CAL TF to develop statewide technical guidance for conducting and quantifying energy efficiency potential in alignment with the statutory requirements of AB 802 and the state's goals;
- Incorporate best practice examples of how industry actors are leveraging available data to maximize impact and program cost-effectiveness into the final EEAP update; and
- Work to ensure the customer experience remains central to energy efficiency and building decarbonization efforts regardless of the program.

Discussion

1. The Council requests the Commission implement SB 350 to the letter of the law by tracking the doubling of energy efficiency goals established in SB 350 (De Leon, 2015) separately by fuel type

As signed into law SB 350 (De Leon, 2015) tasks the CEC with establishing:

"Annual targets for statewide energy efficiency savings and demand reduction that will achieve a cumulative doubling of statewide energy efficiency savings in electricity and natural gas final end uses of retail customers by January 1, 2030."

We interpret the law to mean that both fuels must achieve a doubling of energy efficiency by 2030, not combined in a British Thermal Unit (BTU) basis as presented by the CEC in the draft report. We believe this nuance is essential for a few key reasons:

1. It follows the language of the law.
2. It highlights the fact that California is behind on doubling its electricity energy efficiency savings by 2030.
3. It highlights the pivotal role that saving electricity during the day, and the season will play in achieving California's Greenhouse Gas (GHG) goals, as noted in the draft report.
4. It provides a clear signal to various industry stakeholders (administrators, implementers, and end-users) that electricity savings needed in the state are large and that future programs must focus on optimizing energy efficiency to achieve electricity and GHG reductions.

In addition, the Council requests the following edits and clarifications be made to the Draft Report:

1. As prescribed in SB 350 language, the CEC should provide annual target data to achieve the doubling of energy efficiency goal to measure and gauge success.
2. Make the data and methodology behind the report publically available to better understand which programs are contributing the most to sector savings and informing the design of future programs.
3. Ensure the SB 350 energy efficiency charts presented in the EEAP be consistent throughout, and that data behind the savings assumptions made public for further analysis. For example, ES-2 "SB 350 Natural Gas Savings (Million [MM] Therms)" should separate Codes & Standards from the residential sector to match ES-1 "SB 350 Electricity Savings GWh."

2. Convene a working group via the California Technical Forum to develop cost-effectiveness metrics that align with California's state policy goals, and allow all intervention strategies to contribute to achieving the state's goals

The use of cost-effectiveness by both the California Public Utility Commission (CPUC) and the CEC has been a long-standing tradition of energy efficiency and has guided the deployment of large amounts of savings throughout the state. Unfortunately, the overall framework of cost-effectiveness is outdated and has lead to long term decreased goals that jeopardize the state's goals. The Council requests that the Commission convene a working group through the California Technical Forum (CAL TF) tasked with providing suggestions on how to improve the cost-effectiveness metrics used throughout California. While there are many ways to begin to approach this analysis, the Council believes, at a minimum, the working group should:

- Analyze the existing cost-effectiveness approaches used in California both at the CEC and CPUC to better understand the gap between market potential, cost-effective potential, and the state's goals.
- Provide recommendations for how different (and potentially new) cost-effectiveness metrics can be applied to various programs to align desired the metric with the desired goal.
- Ensure emerging technologies, various interventions that address behavioral programs that go beyond Home Energy Reports, and Conservation Voltage Reduction (CVR)¹ measures have evaluation methodologies.

¹ The Council requested in our 2017 Comments the Commission complete a study analyzing the potential of Conservation Voltage Reduction (CVR).

3. Develop statewide technical guidance for conducting and quantifying energy efficiency potential in alignment with AB 802 through the CAL TF

After completing, or in parallel, with the cost-effectiveness working group, the CEC should also direct CAL TF to commence a working group to establish statewide energy efficiency potential quantification methodologies in alignment with AB 802 and the state's broader goals. By utilizing CAL TF technical expertise to develop a statewide methodology the CEC will provide a consistent approach for all the state's energy efficiency actors including the CPUC, Investor Owned Utilities (IOUs), Community Choice Aggregators (CCAs), third party implementers, and financing companies. Without a clear and consistent signal on the market potential, including potential starting at existing conditions, the industry will not invest the resources necessary to achieve the state's goals.

4. Incorporate the potential and policy recommendations for maximizing plug load device savings

One area the CEC and CAL TF need to focus on more in the EEAP is the growing use of plug loads, its associated energy efficiency potential, and what policies can be implemented to spur market innovation. The CEC notes this large potential multiple times throughout the EEAP noting that "While no single plug-load has major savings potential, in aggregate, the amount of energy consumed by plug loads in homes creates large savings potential"² there are no clear actions related to the topic except for standard adoption. Given the fact that the Federal government has pre-emption status on appliances standards, and has begun to roll back, not advance, these standards the Council believes the CEC must think of different strategies for maximizing savings.

To commence this process, we request that the CEC:

- Task CAL TF with accurately quantify the savings potential associated with the plug load marketplace, including CPUC, mandated online energy management technology marketplaces.
- Commence a plug load market transformation initiative, as it was highlighted as an important strategy in the CEC's 2016 Existing Buildings EE Action Plan, but there's no mention or follow-up on progress on implementing that since 2016.
- Incorporate into the final EEAP how the CEC and state entities incorporating the one of the key recommendations in the SB350 low-income barriers study to "ensure that low-income persons have product selection options and information necessary to avoid driving up their plug-load energy use."

4. Prioritize the development of strategies to leverage available interval and benchmarking data

In the EEAP the CEC is identified as the lead for leveraging different data resources to further the doubling of energy efficiency, including:

- The development of hourly energy efficiency savings from interval meter data for use in energy efficiency in verifying and forecasting SB 350 targets

² Kenney, Michael, Heather Bird, Heriberto Rosales, and Antonio Cano. 2019. 2019 California Energy Efficiency Action Plan. California Energy Commission. Publication Number: CEC-400-2019-010-SD. p.27.

- Lead for the accelerated use of hourly electrical and daily gas data to inform policy decisions and identifying cost-effective savings opportunities.

The Council believes these strategies which leverage meter-based data should be of the highest priority given their ability to help drive energy efficiency savings amongst customers that will benefit the most and track energy efficiency savings at the meter as defined in SB 350 (2015, De Leon). The Council requests the Commission incorporate examples of best practices from the industry into the final draft of the EEAP to help spur innovation in this space.

5. Work to ensure the customer experience remains central to energy efficiency and building decarbonization efforts regardless of the program

The Council urges the Commission to dedicate more thought to the customer experience and what policies need to be adopted to ensure a consistent customer experience. With the decentralization of the customer relationship ongoing in California given the transition to third-party program administration, the growth of CCAs, and the rapid adoption of Distributed Energy Resources (DER) customers no longer have a single point of contact for clean energy programs. The draft EEAP highlights the need for the legislature to "create a one-stop-shop for building energy efficiency and decarbonization programs and financing" but does not provide a pragmatic next step towards achieving this goal. The Council recommends the CEC prioritize the development of a cross-agency and industry-led effort to advise on how best to accomplish this goal. If the CEC and sister agencies don't provide swift action on this topic, customers will be challenged to decide which offerings are available to them and not understand how to evaluate which are most beneficial to them.

Conclusion

The Council appreciates the opportunity to submit these comments and looks forward to continuing our engagement towards the doubling of energy efficiency in California.