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SCE Comments on IEPR Workshop on EE and BD

Additional submitted attachment is included below.

SOUTHERN CALIFORNIA
EDISON
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Catherine Hackney
Director, Regulatory Affairs

September 24, 2019

California Energy Commission
Docket Office, MS-4
Re: Docket No. 19-IEPR-06
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission Docket No. 19-IEPR-06: IEPR Joint Agency Workshop on Energy Efficiency and Building Decarbonization

Dear Commissioners:

On August 27, 2019, the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) held the *IEPR Joint Agency Workshop on Energy Efficiency and Building Decarbonization* (Workshop) as part of the CEC's 2019 Integrated Energy Policy Report (IEPR) Proceeding. CEC staff, led by Commissioner J. Andrew McAllister, presented the draft 2019 California Energy Efficiency Action Plan and reviewed progress on implementing Assembly Bill 3232. CPUC staff, led by Commissioner Liane J. Randolph, presented the status of energy efficiency in the investor-owned utility (IOU) portfolio and reviewed progress on implementing Senate Bill 1477.

Southern California Edison (SCE) appreciates the opportunity to engage with the state agencies on California's energy efficiency and building decarbonization policies. SCE is pleased to offer comments on the Workshop. Section I of SCE's comments discusses the need to restructure the current energy efficiency program paradigm in response to National Resources Defense Council's (NRDC's) presentation at the Workshop.[1] Section II responds to CEC's questions for stakeholders on estimating savings from codes and standards.[2]

I. The time is ripe to rethink the current energy efficiency paradigm.

In NRDC's presentation, they advocate for "Restructuring Energy Efficiency Portfolios to Meet California's Carbon and Equity Goals." In their proposal, NRDC suggests that the energy efficiency portfolio be split into three focus areas, each with their own goals, budgets,

[1] NRDC Presentation, "Restructuring Energy Efficiency Portfolios to Meet California's Carbon and Equity Goals." August 27, 2019. Presentation can be found at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=229538-8&DocumentContentId=60954.

[2] CEC Presentation, "Update to the SB 350 Energy Efficiency Doubling Targets." August 27, 2019. Presentation can be found at: https://efiling.energy.ca.gov/GetDocument.aspx?tn=229567&DocumentContentId=60993.

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evaluation and tracking, and cost-effectiveness calculation. Their proposed focus areas are resource, equity, and long-term market transformation.

Additionally, the CPUC acknowledged the need for a change in the recently approved Potential and Goals Decision, stating "We agree that the time is ripe for considering changes to how we estimate energy efficiency potential, and we intend to commence a stakeholder process...for considering such changes."[3]

SCE agrees with the CPUC and NRDC that now is an appropriate time to rethink the current energy efficiency framework. Each year, utility energy efficiency budgets are declining as more measures are moving to code. Additionally, the value of some traditional energy efficiency measures is shrinking with the changing time-of-use needs of the grid. Furthermore, energy efficiency goals need to be revisited to ensure alignment with California's decarbonization goals.

As stated in SCE's recently filed annual budget advice letter,[4] SCE plans to file a new energy efficiency business plan application in Q2 of 2020. SCE believes that many of the concepts that NRDC proposes have merit and will work collaboratively with NRDC, CPUC, CEC, and other stakeholders, as SCE develops its new energy efficiency business plan application.

II. <u>Responses to questions for stakeholders on estimating savings from codes and standards</u>

At the Workshop, CEC staff provided an update to the SB 350 energy efficiency doubling targets, including a proposed methodology for estimating electricity savings from codes and standards (C&S). CEC staff presented two questions for public comment on how best to scale IOU attributable C&S savings from the CPUC's Potential and Goals Studies to a statewide estimate for such savings. SCE responds to these questions below:

1. *How should the Energy Commission calculate total IOU C&S savings from attributable?*

   For consistency, the CEC should use the underlying estimates for statewide savings from the CPUC's Potential and Goals Studies rather than re-calculating such savings from the IOU attributable savings. It is SCE's understanding that for the CPUC's Potential and Goals Studies, the total state savings from C&S are calculated first. This total includes CPUC evaluated savings from previously adopted codes, IOU estimated savings from pending or adopted codes that have yet to be evaluated, and other estimates provided by the CEC. From that total, a portion of the savings are attributed to the IOUs based on savings attributable to C&S Advocacy work, and then apportioned to each IOU based on service territory.

[3] D.19-08-034, p. 32
[4] SCE Advice Letter 4068-E

2. *How should the IOU C&S be extrapolated to POU territory to create statewide results? Use electricity sales or econ/demo forecast?*

   As with the IOUs, the publicly-owned utilities (POUs) should also have apportioned savings from the statewide C&S savings in the CPUC's Potential and Goals Studies, as it's our understanding that savings that would otherwise be apportioned to the POUs' territory are not counted. It is also SCE's understanding that CPUC's apportionment of the savings is based upon energy sales and for consistency, CEC should use the same metric as CPUC.

III. Conclusion

SCE thanks the CEC for consideration of the above comments and looks forward to its continued partnership with stakeholders in the development of the 2019 IEPR. Please do not hesitate to contact me at (916) 441-3979 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Catherine Hackney