

## DOCKETED

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*Comment Received From: Manuel Alvarez*

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**Existing Buildings Energy Efficiency Action Plan for: Staff Workshop on the**

*Additional submitted attachment is included below.*

April 21, 2015

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 15-IEPR-05  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Re: Existing Buildings Energy Efficiency Action Plan for: Staff Workshop on the  
AB758 Draft Action Plan—Comments of Southern California Edison Company  
(Docket No. 15-IEPR-05)

Dear Commissioner McAllister:

Southern California Edison Company (SCE) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) Existing Buildings Energy Efficiency Draft Action Plan (Action Plan), pursuant to Assembly Bill (AB) 758.

SCE also thanks the CEC for inviting the Investor Owned Utilities (IOUs) and stakeholders to provide input at the AB758 IEPR staff workshops held on April 7 and 14. SCE representatives participated in both of these workshops, and SCE looks forward to participating in future IEPR workshops to provide further input on specific aspects of the Action Plan.

## **I. INTRODUCTION**

SCE has long been a national leader in energy efficiency (EE) and has worked with Federal and State governments and the private sector to develop and implement EE programs that have provided California consumers with financial and energy-savings benefits. SCE continues to work with its customers to meet their EE goals in existing buildings and is currently collaborating with the California Public Utilities Commission (CPUC), building owners, and residents to improve EE in California's buildings.

The CEC's Action Plan proposes goals and strategies, pursuant to AB758, that encompass existing EE programs and support future efforts by providing direction for understanding and overcoming market barriers. SCE has reviewed the Action Plan and is pleased that it will employ a wide array of strategies and objectives to achieve meaningful energy savings in California's existing buildings. Many strategies detailed in the Action Plan have potential for deep energy savings and could bring about meaningful improvement in California's buildings.

SCE supports the CEC's overall direction in the Action Plan and is working towards similar goals, including: improved compliance with building codes, a more comprehensive marketing, education, and outreach strategy, and a knowledgeable industry workforce that is trained in EE best practices and equipped with the knowledge and experience to optimize EE investments. SCE looks forward to ongoing collaboration with the CEC and CPUC, as well as the many public and private stakeholders involved in this proceeding.

## **II. IDENTIFIED GAPS**

### **A. THE CEC SHOULD CONSIDER ALIGNMENT OF COST EFFECTIVENESS METHODOLOGIES ACROSS STATE AGENCIES.**

Collaboration among agencies and stakeholders in achieving cost-effective solutions is critical to realizing AB 758 goals. SCE supports the Action Plan's consideration of cost-effectiveness as a core objective, but SCE recommends that the Action Plan provide greater clarity and detail as to how cost-effectiveness will be defined and measured. SCE and other IOUs are currently required to adhere to the CPUC's cost-effectiveness rules. SCE therefore strongly recommends close collaboration between the CEC and CPUC to develop consistent cost-effectiveness guidelines. There are currently several discrepancies between the CPUC's and CEC's cost-effectiveness methodologies, which, if not resolved, may result in different interpretations of cost-effectiveness. A clear, consistent agency definition and methodology for cost-effectiveness is necessary for effectively evaluating the Action Plan's short- and long-term strategies, as well as potential market-transformational approaches.

During the April 7<sup>th</sup> workshop, CEC staff acknowledged opportunities for collaboration with the CPUC within the Action Plan. SCE supports Strategy 1.9 of the Action Plan, which would create an Energy Efficiency Collaborative to coordinate progress toward achievement of EE goals across agencies. Increased coordination among energy agencies is especially important as EE program demands continue to grow, in accordance with the needs to provide deeper energy savings, greenhouse gas (GHG) reductions, and increased grid reliability.

### **B. THE CEC SHOULD CONSIDER IDENTIFYING RESOURCES FOR COSTS RELATED TO THE DEVELOPMENT OF "MARKET SCALE-UP" INITIATIVES.**

SCE agrees with Assembly member—and author of AB 758—Nancy Skinner's comments, during the April 7 workshop. In particular, SCE agrees that the goal to make additional non-residential benchmarking data publicly available will likely increase costs to California ratepayers, and that the CEC should consider a balance between the benefits and costs of this endeavor. AB 758 and the Action Plan do not provide additional funding to IOUs for the purposes of developing and sharing performance benchmarking data to the CEC. As a result, to foster market stimulation, incremental data sharing and development costs are likely to fall on IOUs in the form of increased administrative costs in IOU portfolios.

In addition, while SCE supports the strategy to increase market stimulation of new tools and offerings using Automated Metering Infrastructure (AMI) data, SCE and other IOUs must adhere to CPUC data privacy rules and other data privacy laws, as well as balance program and policy needs to meet the CPUC's portfolio cost effectiveness requirements. SCE respectfully requests that the CEC work with the CPUC to ensure that Action Plan strategies and goals that require incremental IOU costs align with CPUC policies, directives and funding requirements.

### **C. THE CEC SHOULD CONSIDER ALIGNING CUSTOMER DATA PROCEDURES ACROSS STATE AGENCIES**

SCE is encouraged that measurement, data and performance are considered cornerstones of the Action Plan. Although the CEC has identified data and benchmarking as key components of success, it is clear that data privacy and minimizing redundancy are also important. As previously noted, SCE and other IOUs are required to comply with the CPUC's data privacy rules and all other applicable law to protect customer data. SCE therefore stresses the importance of close collaboration with the CPUC in utilizing existing tools and standards to leverage support for these efforts.

SCE is committed, as a matter of law and policy, to protect the confidentiality its customer's data. The Action Plan appropriately conveys that data privacy merits serious attention and controls, but does not specify a pathway for sharing data with market participants in a manner that is both legal and justifiable as a matter of public policy. SCE recommends that the CEC should adopt the CPUC's approach to aggregating data to protect customer privacy. Currently, as these data migration processes increase in scale, as outlined in multiple Action Plan strategies (e.g., Strategy 1.2, Strategy 2.1), data sharing may require modifications to the current CPUC Customer Information Service Request (CISR) process (e.g., effective CISR duration, 15-15 Rule, and owner vs. tenants' confidentiality issue) in order to meet the new requirements of providing data on an interval basis as opposed to times of transaction, as mandated by AB1103.

### **III. STRATEGIES REQUIRING ADDITIONAL DEFINITION AND CLARITY**

The strategies outlined in the Action Plan are forward-thinking initiatives that address prevalent barriers for EE adoption. SCE supports the Action Plan's goals, understanding that IOU's must adhere to the CPUC's defined EE program guidelines concerning cost-effectiveness, customer privacy, data access, and financing in addition to other areas. SCE encourages the use of existing CPUC frameworks to align the Action Plan's strategies with existing EE programs. Initiatives that are currently outside of existing EE program scope may add increasing cost pressure to the EE portfolio. Aligning agency priorities while leveraging existing EE data and resources will inform strategy adoption for reaching the desired level of market impact.

**A. SCE SUPPORTS GOVERNMENT LEADERSHIP IN DEMONSTRATION OF ENERGY EFFICIENCY EFFORTS**

*“Goal 1: Proactive and informed government leadership in energy efficiency”*

SCE supports governmental leadership in guiding the assessment and implementation of facility retrofits, and recognizes that building performance data is an important element of any comprehensive effort. As mentioned in the Action Plan, the Environmental Protection Agency’s (EPA) ENERGY STAR<sup>®</sup> Portfolio Manager serves as a national industry standard for commercial building benchmarking. SCE continues to encourage the use of existing tools and improved coordination with EPA’s Portfolio Manager to align with California’s unique building goals, such as advancing Zero Net Energy (ZNE) buildings. Utilization of existing data, including Standard Energy Efficiency Data (SEED), would minimize redundancy and leverage existing efforts, but as the goal for public benchmark data extends beyond government facilities, challenges may arise with data privacy, resources, and processes. EE strategies should therefore align with CPUC regulation whenever possible.

Additionally, SCE supports the continuance of the Home Energy Rating (HER) system but acknowledges that there is limited application for its use beyond compliance verification in its current state. SCE respectfully requests to participate in continued dialogue to develop additional or augmented tools. SCE also encourages that any Building Performance Assessment Tools should: (1) make the distinction between “asset” and “operational” performance, (2) consider the varying needs of building types, and (3) align asset ratings with new construction compliance. Active discussions are necessary to ensure that Building Efficiency Standards Development are streamlined and that they add value for building owners.

With respect to treating efficiency as a “clean distributed energy resource,” as outlined in the plan, SCE continues to explore innovative options like procurement of EE through the Local Capacity Requirements Request for Offer (LCR-RFO) to address specific energy needs. Today, EE savings achieved through the LCR-RFO procurement are not included in the CPUC mandated EE goals. SCE will continue working with CPUC staff to assess procurement’s benefits in comparison to more traditional programmatic approaches. Aligning stakeholder objectives will be critical to apply the appropriate EE delivery channel to optimize benefits.

SCE supports market transformational program designs, where appropriate and feasible, within the bounds of portfolio cost-effectiveness. Coordination among state agencies and stakeholders is necessary to ensure alignment of priorities and processes to address increasing needs for EE, including GHG reduction, grid reliability, workforce education and market transformation. Strategies that focus on administration of market transformation in particular should be harmonized across proceedings (e.g. AB758, EE Order Instituting Rulemaking Phase III).

**B. SCE ENCOURAGES COLLABORATION, ALIGNMENT AND LEVERAGING EXISTING TOOLS AND PROGRAMS**

*“Goal 2: Data drives informed decisions”*

SCE supports access to data for building owners as a means of informing decisions regarding EE investment in accordance with existing CPUC guidance. Historically, multiple-metered buildings, and particularly multi-family properties, have presented challenges due to difficulty accessing tenant data. SCE is leading an effort to provide aggregated energy consumption data via ENERGY STAR Portfolio Manager for the multi-family segment to decision makers. To improve EE decision-making, property owners need a clear understanding as to how energy is used at their facilities. Obtaining and analyzing utility customer energy usage data is essential to this process; however, managing its acquisition, flow, and retention is a challenging proposition. Most multi-family properties consist of multiple utility customers, each protected by customer privacy policies. To overcome the privacy barrier and gain access to meter data, the property owners/managers must use CISR forms or Rule 15 /15 as data release mechanisms. Therefore, the current availability of building stock data that complies with the requirement to protect individual tenant/customer data poses a key barrier to implementing planned improvements to existing multi-family buildings.

Numerous efforts are underway to encourage customer-focused EE, and SCE supports the statewide marketing efforts and use of programs such as Energy Upgrade California<sup>®</sup> Home Upgrade (Home Upgrade). SCE has been working with Home Upgrade contractors to focus on older homes and engage areas with the largest potential for EE upgrades. Within the SCE/Southern California Gas Company’s joint Home Upgrade Program, SCE has implemented adjustments in order to streamline and simplify this complex, performance-based program. In general, SCE is supportive of verified performance to complement “deemed” EE savings that enable customers to best manage their energy needs. SCE looks forward to continuing conversations about targeting and behavior programs as they increasingly becoming part of the residential and EE portfolios.

**C. SCE IS SUPPORTIVE OF STREAMLINING PROGRAMS BUT HIGHLIGHTS SOME CHALLENGES WITH PERFORMANCE BASED PROGRAM IMPLEMENTATION**

*“Goal 3: Building industry delivers innovation and performance”*

SCE agrees that addressing the needs of small and medium buildings in a cost-effective manner remains a challenge. There are currently three pilot programs designed to promote EE measures for Heating, Ventilation & Air Conditioning (HVAC) and lighting controls for “mid-market” customers: Wireless Energy Management Systems, Mid-market Peak Plus, and Mid-size Industrial Customer Efficiency. In addition, SCE is currently engaging with True Market Solutions to implement the Sustainability Circles Program. This model will provide business owners with action plans, along with the knowledge and skills to encourage innovative approaches to sustainability in all aspects of their businesses. Any performance-based program designs should be

developed through careful planning among utilities, program implementers, contractors, and evaluation staff to assure that predicted savings align as closely as possible to measured savings. Additionally, program designs must ensure that sufficient data points are gathered and available, quality assurance is performed, and that the contractors are not overly burdened by program reporting requirements. Analytical tools such as virtual audits, provide a look at building performance utilizing AMI data that can assist customers in prioritizing resources and may enable persistency of savings. Education will also be a vital component to ensure contractors meet customer expectations.

**D. SCE IS SUPPORTIVE OF ENERGY EFFICIENCY INVESTMENT VALUATION AND THE USE OF TARGETED ME&O WHILE RESPECTING DATA PRIVACY**

*“Goal 4: Californians recognize and benefit from the value of efficiency upgrades”*

SCE agrees that with the broader availability and access to simple, comparative, and standardized tools for quantifying the value of EE investments, deeper EE investments may occur. SCE is currently developing an Enhanced Energy Audit Tool to serve residential, small commercial, large commercial, and industrial customers to provide energy savings tips and information for planned building improvements (tentatively scheduled for release in late 2015).

With respect to access to customer data, third parties’ desire for data must be balanced against the individual customers’ right to privacy. Development of standardized tools that will help property owners, realtors and appraisers access data about EE investments may foster financing, sales, and leasing of commercial buildings with quantifiable improvements. SCE encourages further discussions between the CEC and CPUC to address market concerns while developing meaningful incremental solutions that balance public and customer needs.

**E. SCE SUPPORTS ACCESSIBILITY AND AFFORDABILITY FOR ENERGY EFFICIENCY SOLUTIONS THAT ALIGN WITH CPUC FINANCING OBJECTIVES**

*“Goal 5. Solutions are accessible and affordable for all Californians”*

In general, SCE agrees that a consumer’s access to financing is not only a valuable tool but is necessary to address the funding of EE projects. However, financing remains a challenge given barriers such as the split-incentive in the commercial and multi-family sectors. SCE supports the overall direction to increase financing but requests that the CEC continues to work with the CPUC in order to align the Action Plan’s strategies with existing EE financing programs administered by California Alternative Energy and Advanced Transportation Financing Authority’s (CAEATFA) including: California Hub for Energy Efficiency Financing (CHEEF) Pilot programs, Clean Energy Upgrade Financing Program, Property Assessed Clean Energy (PACE) Loss Reserve Program and Bond Financing for green projects. During finalization of the Action Plan it is imperative that the



goals are in line with the objectives, directives, and funding resources allocated to the IOUs through existing financing programs.

**IV. CONCLUSION**

SCE thanks the CEC for the opportunity to review and provide comments on the Action Plan and looks forward to future opportunities for ongoing stakeholder collaboration. Please contact me at (916) 441-2369 with any questions or concerns. I am available to discuss these matters further at your convenience.

Sincerely,

*/s/Manuel Alvarez*

Manuel Alvarez

cc: Commissioner Andrew McAllister ([Andrew.Mcallister@energy.ca.gov](mailto:Andrew.Mcallister@energy.ca.gov))