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Southern California Edison Company Comments on the Workbook on Proposed SB350 2030 Energy Efficiency Savings Doubling Goal

Additional submitted attachment is included below.

May 24, 2017

**POSTED ELECTRONICALLY TO
DOCKET 17-IEPR-06**

California Energy Commission
Dockets Office, MS-4
Docket No. 17-IEPR-06
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket 17-IEPR-06: Southern California Edison Company Comments on the Workbook on Proposed SB350 2030 Energy Efficiency Savings Doubling Goal

On May 10, 2017, a workbook (CEC Workbook) containing the source data for the proposed SB350 2030 energy efficiency savings doubling targets was issued by CEC. The CEC published said data to help clarify the sources of data used to establish the SB350 2030 energy efficiency doubling goal.

Southern California Edison Company (SCE) appreciates the California Energy Commission's (CEC) efforts and provides the following comments on the CEC Workbook on Proposed SB350 2030 Energy Efficiency Savings Doubling Goal.

Background

On January 23, 2017, the California Energy Commission (CEC) and California Public Utilities Commission (CPUC) conducted a joint agency workshop to discuss key questions in the implementation of the energy efficiency portions of Senate Bill 350 (SB350), the Clean Energy and Pollution Reduction Act of 2015 (de León, Chapter 547, Statutes of 2015).

The legislative intent language of SB350 declares that the targets of the bill are to be “permanent, enforceable, and quantifiable,” and the cumulative doubling of projected energy efficiency savings is beyond the significant savings that are projected to be achieved by 2030 through California's existing suite of energy efficiency programs and activities. Targets established may be achieved through energy efficiency savings and demand reduction resulting from three basic program types:

1. Programs that provide financial incentives, rebates, technical assistance
2. Programs that achieve energy efficiency savings through operational, behavioral, and retrocommissioning activities
3. Programs that save energy in final end uses by using cleaner fuels to reduce greenhouse gas emissions

SB350 directed the CEC to:

1. Establish 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
2. Base the targets on a doubling of the midcase estimate of additional achievable energy efficiency [AAEE] savings

In January 2017, CEC Staff issued a Paper on the Framework for Establishing the Senate Bill 350 Energy Efficiency Savings Doubling Targets (The Paper). CEC Staff recommended, among a other things, that “Cumulative” energy efficiency savings realized in 2030 means the total of the first-year energy efficiency savings for measures installed and behavior changes in 2030, plus the savings realized in 2030 from all previous measure installations from 2015 through 2029 (reflecting persistence decay that has occurred since the measures were installed), for all end uses.

SCE Comment Overview

SCE understands that Energy Efficiency (EE) plays an important role in achieving state Green House Gas (GHG) and EE goals. However, the two must be harmonized and aligned to reflect the reality of EE Program ability to achieve cost-effective savings and contribute to the State’s SB350 EE goal.

New program approaches, emerging technologies and legislative changes will be needed in short-order to supply greater clarity to their ability to reliably achieve cost-effective SB350 savings. It is important to note that the CEC recognizes the uncertainty and the need to policy changes to assure the success of SB350.

SCE offers the following comments:

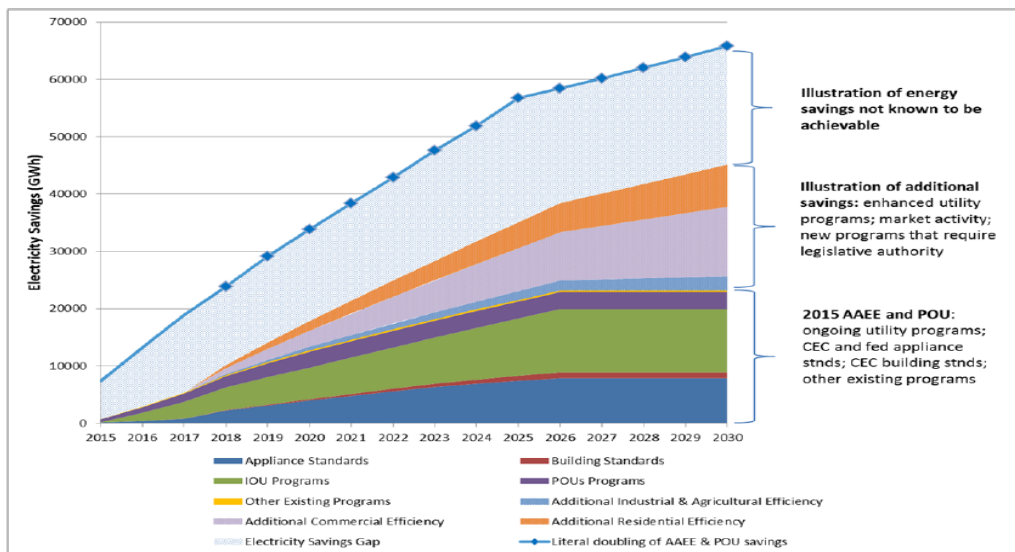
- 1) SB350 Annual Targets
- 2) Gap Between CPUC and CEC savings

SCE’s Comments

1) SB350 Annual Targets

The legislative intent language of SB350 declares that the targets of the bill are to be “permanent, enforceable, and quantifiable.”, and the cumulative doubling of projected energy efficiency savings is beyond the savings that currently reside in EE Programs. Figure 3 depicts three EE savings groups 1) Current EE savings, 2) Enhanced EE savings, and 3) Unknown Sources of EE savings.

Figure 3: Illustration of Current, Enhanced, and Unknown Sources of Savings to Achieve the 2030 Electricity Target



Source: Energy Commission staff

As required by SB350, the cumulative doubling of EE savings is beyond savings that are projected to be achieved by California's existing suite of energy efficiency programs and activities. Additionally, SB350 directs the CEC to base doubling estimates on the Additional Achievable Energy Efficiency [AAEE] savings. As depicted in the Workbook’s Doubling Targets tab, IOU SB350 targets simply double 2014 AAEE savings figures, and call the resulting figure “Final Energy Savings Targets”. This figure supply’s the upper bound of SB350 savings.

The CEC has done a masterful job of both defining the upper bound of savings required by SB350 as well as defining where the saving will need to come from:

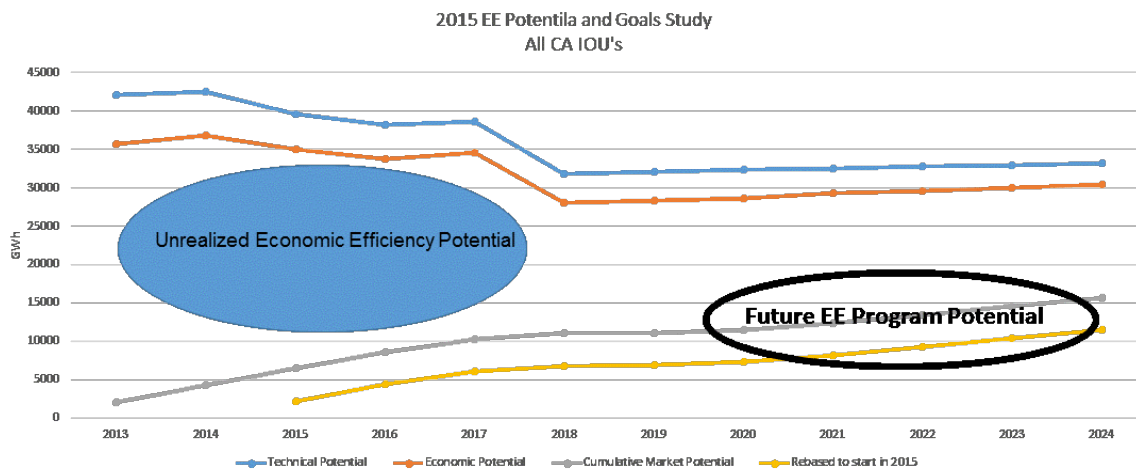
- 1) Current savings will need to be maintain
- 2) Enhanced savings from Emerging Technologies found, and savings from Behavior, Retrocommissioning, Operational (BRO), and Below Code (AB802) programs retooled and operationalized
- 3) Unknown sources of EE savings will need to be identified

Using AAEE to help set the upper bound of SB350 EE savings is reasonable and prudent under these circumstances, but lacks the direct EE program link necessary estimate reliable and cost-effective savings that the EE Potential study exhibits. CEC Staff recognized this significant issue and recommended the “establishment of targets for CPUC-jurisdictional entities be undertaken by the CPUC, not the Energy Commission”. SCE agrees with CEC Staff that IOU EE savings target and subtarget formation should remain under the auspicious of the CPUC.

Lastly, AAEE figures contain savings from Building and Appliance Codes and Standards (C&S). SCE requests clarification on the entity responsible for capturing said C&S savings.

2) Gap between Economic and Achievable Potential

There have been discussions centered on capturing unrealized economic potential (aka, The Gap). The actual size of the gap is up for debate as the 2017 EE Potential and Goals economic modeling methodology is changing. The chart below depicts the gap.



SCE contends that if cost-effective EE potential remains in the market (gap between Economic Potential and Achievable Potential) there are barriers prohibiting EE Programs from capturing that potential. These barriers can reside in many places and can consist of customer constraints (financial, owner or renter occupied buildings - split incentive, etc.), regulation constraints (cost-effectiveness issues, reduction in claimable savings, etc.), or program constraints (EE portfolio, budget, cost-effectiveness, etc.).

Unless the aforementioned constraints are addressed and successfully overcome, capturing additional cost-effective EE potential will be near impossible, and the more likely scenario will be the EE Programs capture future EE program potential in lieu of SB350 savings.

Conclusion

SCE thanks the CEC for their efforts in defining SB350 savings requirements, and looks forward to further collaboration.