

## DOCKETED

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*Comment Received From: Catherine Hackney*

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**SCE Comments on Draft Staff Papers on SB 350 Utility Targets**

*Additional submitted attachment is included below.*

August 3, 2017

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 17-IEPR-06  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on Draft Staff Papers on  
Senate Bill (SB) 350 Energy Efficiency Savings Doubling Targets

Dear Commissioner McAllister:

On July 21, 2017, the California Energy Commission (Energy Commission) released two Draft Staff Papers on SB 350 Energy Efficiency Savings Doubling Targets: one regarding utility funded activities, and another focusing on non-utility funded activities (together, the "Draft Staff Papers"). Southern California Edison Company (SCE) appreciates the opportunity to provide comments on the Energy Commission Draft Staff Papers in these written comments.

These comments include two key recommendations for improving efficiency and clarifying goals in the Draft Staff Papers to meet the State's long-term targets for reducing greenhouse gas (GHG) emissions through SB 350: (1) Directing the Joint Agency Steering Committee (JASC)<sup>1</sup> to ensure efficiency in achieving goals and minimizing or eliminating duplicative efforts; and (2) establishing common goals and metrics to achieve least-cost solutions for ratepayers and taxpayers.

**I. SCE recommends that the Joint Agency Steering Committee consider efforts to ensure alignment in program activities and minimize duplicative efforts.**

SCE shares the California Public Utilities Commission's (CPUC) and the Energy Commission's concerns that overlapping program activities could result in double-counting

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<sup>1</sup> See: California Energy Demand Revised Electricity Forecast (2016-2026); Vol. 1, at p. 55, Footnote 51: "The Joint Agency Steering Committee is composed of managerial representatives from the Energy Commission, the California ISO, and the CPUC and is committed to improving coordination and process alignment across state planning processes that use the Energy Commission's demand forecast."

through duplication of program efforts. Although the current Draft Staff Papers clearly delineate between Investor Owned Utility (IOU), Public Owned Utility (POU), and non-utility attributable activities, a risk of duplicative efforts remains due to the potential for activities among the utility and non-utility programs to overlap in their targeted efforts. Duplication should be avoided to mitigate and minimize the cost impacts of program efforts for both ratepayers and taxpayers.

With respect to the non-utility programs in particular, SCE cautions that duplication risks may exist for any programs related to “smart meters and controls” and “behavioral, retro-commissioning and operational” (BROs) efficiency savings. In response to Assembly Bill (AB) 793, third-party designed programs are being solicited by the IOUs to explore different approaches and use-cases for energy management technologies for enabling customer control and energy feedback incorporating Advanced Metered Infrastructure (AMI) energy usage data. Non-utility programs identified by the Energy Commission may overlap with these existing programmatic efforts underway. Additionally, with the passage of SB 350, AB 802, and the transition of program design and administration to third-parties,<sup>2</sup> IOUs will be retooling programs designed to capture broader BROs savings. Opportunities identified—such as the Local Government Challenge or Energy Savings program by the Department of General Services—will need to be closely monitored to ensure non-duplicative efforts, and to assess how utility-funded partnership programs through the IOU Public Sector programs aim to address local and State government needs to avoid duplication.

To ensure that IOU, POU, and non-utility programs are progressing towards meeting the State’s long-term GHG efforts in an effective and meaningful way, SCE recommends that the Joint Agency Steering Team explore these issues and identify areas of opportunity for leveraging existing resources to achieve the State’s doubling energy efficiency goals.

## **II. SCE recommends exploration of a common metric and goal to achieve the least cost solution for ratepayers and taxpayers.**

The Draft Staff Papers correctly note that both utility and non-utility funded programming will be challenged to meet the State’s current EE and GHG savings targets set forth by the legislature in their current format. Energy efficiency programming will need increased regulatory and policy flexibility to achieve the state’s goals, support customer choice, and manage grid impacts.

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<sup>2</sup> SCE anticipates that Third Parties will target new BROs and smart controls technology as a part of their offerings as IOUs transition 60% of the portfolio to Third Parties by 2020 as directed in D.16-08-019, OP 12 Page 111 available here: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M166/K232/166232537.PDF>.

SCE recommends further expansion and exploration of fuel substitution guidelines, such as the “three-prong test,” to remove current policy impediments and to clarify rules to enable deeper customer adoption of GHG mitigating measures. For example, in the Draft Staff Papers, accounting of gas and electricity goals denote that conversion of a gas appliance to electricity results in: (1) an increase in electricity consumption, (2) a decrease in natural gas consumption, and (3) a decrease in energy use. For an electric utility, this results in a decline in energy savings even though there is a decrease in emissions and energy consumption. Under this current framework, the SB350 report recognizes fuel substitution (natural gas to electricity) as gas savings.

To best support the state’s GHG reduction goals, SCE recommends that the proposed JASC look towards establishing a single target and goal. For example, the combined tracking of the SB 350 goal achievement across natural gas and electric utilities is presented in BTUs; electric utility savings is measured in kilowatt hours (kWh), and natural gas utility savings is measured in therms. Establishment of a common metric would enable increased customer choice of technologies meeting the “least cost, best fit” for BTU and GHG abatement. Alternatively, if a goal were to be posed from the perspective of GHG abatement, it would be more relevant for discussion by allowing increased flexibility across efficiency resources while aligning with other sectors. Moving to a common metric and goal would enable an equal playing field by providing the State with direct visibility on GHG goal achievement.

SCE appreciates the Energy Commission’s consideration of these responses and looks forward to continuing collaboration. 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