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NRDC Comments on Stranded Potential Estimates in AAEE Documentation

Additional submitted attachment is included below.

**Comments of the Natural Resources Defense Council (NRDC) on the
Investor Owned Utilities 2017 Additional Achievable Energy Efficiency Savings
Methodology Documentation
Docket Number 17-IEPR-03
February 8th, 2018
Submitted by: Mohit Chhabra
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I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these comments on the “*Investor Owned Utilities 2017 Additional Achievable Energy Efficiency Savings Methodology Documentation*”¹ authored by Navigant (“Navigant AAEE Documentation”) that informs the Energy Commission 2018 -2030 demand forecast. NRDC is a non-profit membership organization with more than 70,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California’s energy consumption.

II. Discussion

NRDC greatly appreciates the effort of the Energy Commission staff to establish a thorough and transparent process to develop SB350 compliant energy efficiency savings targets. NRDC wants to ensure that the Energy Commission is aware of a CPUC savings estimation methodology update to stranded potential² calculation. To develop an accurate estimate of Additional Achievable Energy Efficiency (AAEE) savings, this stranded potential calculation update should be reflected in the AAEE data provided by Navigant to the CEC.

¹ http://docketpublic.energy.ca.gov/PublicDocuments/17-IEPR-03/TN222431_20180205T113507_Investor_Owned_Utillities_2017_Additional_Achievable_Energy_Effe.pdf

² This is defined in Page 3 of the Navigant report prepared for the Energy Commission (*Investor Owned Utilities 2017 Additional Achievable Energy Efficiency Savings Methodology Documentation*) “Stranded Potential is a subset of the Market Potential. These savings are defined as the opportunities for EE that have not historically been captured by either EE program administrator (PA) rebate or C&S programs. Stranded Potential is below-code savings that is not materializing in the market because there is no incentive for the customer to upgrade their existing equipment given current program rebate policy. Under AB802, PAs are permitted to offer rebates for bringing existing equipment up to code thus potentially motivating a whole new subset of customers to install EE measures and thus capture the Stranded Potential.”

Navigant AAEE Documentation references the Navigant Potential Goals and Targets (PGT) study as the source for the stranded potential savings estimate. The stranded potential savings estimate in the PGT study is based on a methodology that was initially proposed by the DEER team but then rescinded. Per this methodology, a de-rated net-to-gross factor (NTG) was estimated for stranded potential measures by adjusting the NTG for non-stranded potential application for the same measures by an “adjustment factor”. This proposed adjustment factor varied by measure and had the impact of significant decreasing below-code savings (by up to 50% for) for stranded measures. DEER Resolution E-4867 rescinded this de-rate factor. Page 9 of the resolution clearly states:

“Until we have further data to evaluate a specific below code NTG we will continue using the standard DEER NTG values and apply those values to the full savings including below and above code savings”

This amendment in savings estimation was not considered in the PGT study due to time constraints. The Energy Commission should ensure that this major update to savings estimation methodology has been considered in the AAEE savings estimates provided to the Energy Commission by Navigant.

III. Conclusion

Thank you for your commitment to energy efficiency and for the opportunity to comment on the 2017 IEPR Workshop on 2030 Energy Efficiency Targets.