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| Docket Number: | 18-OIR-01 |
| Project Title: | Energy Data Collection - Phase 2 |
| TN #: | 235688 |
| Document Title: | Ygrene Energy Fund Comments - on Phase 2, Title 20 Data Rulemaking |
| Description: | N/A |
| Filer: | System |
| Organization: | Ygrene Energy Fund |
| Submitter Role: | Public |
| Submission Date: | 11/18/2020 4:25:21 PM |
| Docketed Date: | 11/18/2020 |

*Comment Received From: Ygrene Energy Fund
Submitted On: 11/18/2020
Docket Number: 18-OIR-01*

on Phase 2, Title 20 Data Rulemaking

Additional submitted attachment is included below.



18 November 2020

Via Electronic Delivery

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 18-OIR-01 – Phase 2 Rulemaking
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Ygrene Energy Fund Comments on Phase 2, Title 20 Data Rulemaking (Docket No. 18-OIR-01)

Dear Commissioner McAllister and Energy Commission Staff:

Thank you for the opportunity to provide comments on the upcoming Phase 2, Title 20 Data Rulemaking process. Ygrene supports the goals of Senate Bill 350 and the California Energy Commission's objective of better tracking how the state is meeting its greenhouse gas emissions reductions and energy efficiency goals, and appreciates the Commission's willingness to consider input from all stakeholders who may be impacted by the rulemaking. As it relates to Property Assessed Clean Energy (PACE) financing, Ygrene has several concerns with the proposed regulations as outlined in this letter. We hope the Commission considers the following comments and we look forward to continuing to work with the Commission on this rulemaking process.

As presented in the October 27th workshop, the Commission states that the proposed method being considered to assess the greenhouse gas and efficiency savings performance will leverage site-level project information and utility interval-meter data. This approach presents several concerns. In order to utilize utility interval-meter data based on site-level project information, the Commission is requesting PACE administrators provide a property owner's Assessor's Parcel Number (APN). This data request raises a serious concern in that a property owner's APN is generally considered Personally Identifying Information (PII) and/or Nonpublic Personal Information (NPI) and thus presents data privacy challenges. This level of granularity is not typically required in other state or local jurisdiction data reporting. The Commission has not yet shared with relevant stakeholders a detailed approach to how the Commission proposes this data be safely transmitted and stored securely at rest and confidentially. Ygrene recommends that the Commission engage directly with PACE administrators to develop, if possible, a secure and confidential process by which this data may be shared in compliance with state and federal data security and privacy laws. Further, given the challenges around data privacy, the Commission may consider, if it has not already, whether these data requests as part of this rulemaking process are or will be voluntary. These questions, and the others below, may also be best addressed in separate subject specific (PACE for example) workshops with relevant stakeholders.

In addition to the data privacy issues noted above, the Commission's proposed analytical framework to perform a pre/post usage analysis, leveraging a similar framework utilized in the CalTRACK platform, presents unique methodological challenges. First, PACE programs allow financing for a variety of property improvement measures as established by state statute. Those measures include renewable energy, energy efficiency, energy storage, electric vehicle charging infrastructure, water conservation, and seismic and wildfire resiliency improvements. Sometimes, property owners that use PACE to finance their eligible improvement project install more than one measure. For example, a property owner may use PACE to finance a high efficiency HVAC system

and an electric vehicle charger. The high efficiency HVAC system will of course improve the efficiency of heating and cooling energy usage on the property relative to the property's baseline usage. However, the electric vehicle charger will increase electricity usage on the property. Thus, the net effect may actually be an increase in overall usage on the property, even though efficiency, in the form of negawatts, are technically being produced through the high efficiency HVAC system. If the only analytical framework the Commission utilizes is a metered framework, multi-measure projects, such as the one described here, may not be accurately accounted for in tracking true project level efficiency.

Using a metered analytical framework also presents challenges with respect to how a property or building is used over time. Critical to a metered analytical framework is establishing a consistent and accurate baseline usage prior to when an efficiency improvement is installed to measure energy savings against. If a building changes its usage profile significantly after an efficiency improvement is installed, the net effect of the improvement may be masked by the change in usage, which could be entirely independent of the improvement itself. For example, if a commercial property owner uses PACE to finance a high-efficiency improvement on a previously underutilized section of their building to better serve their customers, the net effect may be an increase in energy usage relative to the baseline of the property prior to the improvement. However, the high-efficiency improvement will create efficiency through the form of negawatts relative to the efficiency improvements having not been installed.

The challenge of addressing usage over time is not resigned to only commercial buildings. The COVID-19 pandemic has made that clear. Millions of California property owners have seen dramatic shifts in how, when, and how much energy they use as a result of stay-at-home orders, remote working, and other changes. This change in usage across the state will present significant challenges over the coming years if the Commission only uses a metered analytical framework. For example, if a property owner utilized PACE to replace incandescent light fixtures with LED light fixtures prior to the COVID-19 pandemic and that property owner now works from home, it's possible that the property owners usage may go up. Yet, the actual negawatts the LED light fixtures are producing during this period relative to the incandescent fixtures would actually be greater than would have accrued had the pandemic not occurred. With a metered analytical framework, this distinction, which would be significant, may not be accurately captured. How will the Commission determine the optimal baseline usage of a particular property given the recent changes because of COVID-19 and how that baseline may shift over time due to temporary and permanent changes?

These issues are critical to reduce noise in the data and accurately assess the efficiency and greenhouse gas savings that PACE programs, or any energy efficiency policies or programs, produce in order to track against SB 350 targets. Thus, how does the Commission propose accounting for these challenges in utilizing a metered analytical framework? Further, will the Commission consider utilizing a deemed savings approach either separately or in combination with a metered savings approach to better track efficiency and greenhouse gas savings?

Recent research released by the Schwarzenegger Institute out of the University of Southern California leveraged a deemed savings approach in performing the most comprehensive analysis of PACE projects to date, research which was shared with the Commission by authors Dr. Adam Rose and Dr. Dan Wei in 2019. That research, *Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida*,¹

¹ Rose, A. and Wei, D. 2019. *Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida*. Schwarzenegger Institute, USC, Los Angeles, CA.



analyzed electricity, natural gas, and greenhouse gas emissions savings at an aggregate level both annually and over the useful life of the improvements that were installed. An approach similar to that research, or any other appropriate deemed savings approach is something Ygrene encourages the Commission to consider in implementing this rulemaking process.

Nevertheless, whatever methodological approach or combination of approaches the Commission considers, Ygrene strongly urges the Commission to engage the PACE community and relevant stakeholders directly when developing that methodological framework. Transparency and collaboration are critical in how the Commission develops the framework by which the data the Commission is asking for is analyzed. PACE administrators and various stakeholders have a stake and an expertise in this process that should be leveraged when developing this analysis. Therefore, Ygrene strongly recommends that the Commission share their proposed methodology for measuring efficiency and greenhouse gas emissions savings of PACE projects and provide ample opportunities to relevant stakeholders to provide input on the methodology. The rulemaking process and the analytical framework utilized by the Commission will be benefited greatly by continuing the collaborative environment the Commission is currently providing, which Ygrene acknowledges and appreciates. The Commission has long been a great stakeholder in PACE since its inception over a decade ago, and Ygrene recognizes and respects the care the Commission takes in these proceedings.

Lastly, separate from the main thrust of the rulemaking proceeding, we wish to address the timing of the data request itself as proposed by the Commission. The current proposed regulations would ask PACE administrators to provide data no later than March 15th of each year. However, this date falls on the same day that PACE administrators are required to provide their annual report to the Department of Financial Protection and Innovation (DFPI). Further, local jurisdictions also have various quarterly reporting requirements on PACE program activity. Thus, the proposed March 15th reporting date would be during a period of very high reporting activity and may place a significant and onerous burden on PACE administrators to provide that data at that time. Therefore, Ygrene suggests May 1st of each year as a more optimal time to request data from PACE administrators.

Thank you for your consideration and thank you Commissioner McAllister and Commission staff for the care and time you all have taken thus far in engaging with Ygrene and other PACE administrators and stakeholders during this rulemaking process. As we noted above, we support the Commission's goals here and the broader goals of SB 350 and we look forward to further participation in this rulemaking process.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lemyre", with a long horizontal flourish extending to the right.

Mike Lemyre
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