

**DOCKETED**

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## **Recurve Comments on Docket #22-DECARB-03**

Please see attached file for Recurve Analytic's comments on the Draft Guidelines on Equitable Building Decarbonization.

*Additional submitted attachment is included below.*

Recurve is an industry leader in meter-based demand flexibility. Recurve provides transparent, accessible analytics to track changes in consumption and demand due to program interventions for individual buildings and, in the aggregate, to support decarbonization and resource planning and facilitate performance-based transactions. We have consistently encouraged and supported market-based solutions for decarbonization that can scale and ensure demand-side resources can make a meaningful contribution to the grid.<sup>1</sup>

Recurve respectfully submits the following brief comments regarding key questions in the 22-DECARB-03 proceeding regarding Questions on the Draft Guidelines regarding Equitable Building Decarbonization.

The California Energy Commission's (CEC) [Draft Guidelines on the Equitable Building Decarbonization Direct Install Program](#) provide useful context and insights on how the program will be organized. We comment here on two questions from staff:

*6. Section F, Household/Property Targeting (page 11) proposes an approach by which the program will target the households most likely to benefit from decarbonization retrofits. Would you suggest different or additional targeting criteria?*

Recurve strongly supports targeting analytics and software tools for efficient program deployment and positive customer and energy system outcomes. The CEC staff is correct to point out that targeting will be dependent on data availability, but the criteria identified seem like a reasonable start based on the objectives of the program.

- *Likelihood of favorable bill impacts from decarbonization, based on such factors as primary space and water heating fuel type, energy utility meter data, electricity and gas rates, local propane rates (if available), climate zone, building age, age of existing appliances, and benchmarking program data*
- *Higher vulnerability to extreme heat (for example, homes in hot regions that lack cooling)*
- *Higher potential for avoided greenhouse gas emissions*
- *Proximity to other targeted low-income or moderate-income households, for economies of scale in outreach, implementation, and direct install retrofit*

The same targeting criteria could be used to prioritize communities in aggregate and individuals within identified communities. Factors related to a future participant's propensity to engage,

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<sup>1</sup> M. Golden, A. Scheer, C. Best. Decarbonization of electricity requires market-based demand flexibility, The Electricity Journal Volume 32, Issue 7, August–September 2019, 106621 Available at: <https://www.recurve.com/blog/the-secret-plan-for-decarbonization-how-demand-flexibility-can-save-our-grid>

building stock (vintage and condition), and health may also be very important to align with the physical energy usage characteristics for optimal engagement and positive impacts.

*10. Section A, Program Coordination and Incentive Layering (page 18) describes a proposed approach to coordinate with other programs and leverage other funding sources. Staff welcomes input on this approach.*

The incentive layering approach provides little practical guidance for operationalizing a statewide program that would achieve the principles enumerated. California is implementing several hundred programs related to energy usage, building performance, and demand response. Coordinating them all has become a nearly impossible task.

While the risk of "double dipping" may be real, the self-policing burden we put on program participants and contractors to know the incentive levels from these hundreds of options and the intimate rules and regulations tied to every dollar they may be presented with is unrealistic. Tracking discrete impacts is one of the foundational benefits but also challenges with direct install incentives programs. They are primarily focused on technology distribution and less focused (in terms of accountability) on customer outcomes and measurable decarbonization impacts.

Incentive layering rules also commonly adopt the "principle" that combined incentives can never exceed project costs. In theory, this is a protection against overspending - it also means that we are providing zero additional motivation for market actors to engage in the very challenging work of customer adoption, etc. We present these incentives as a pass-through and then lament the lack of participating contractors. We recommend that incentive layering only applies to technology-based incentives. Performance-based payments, for example, may exceed project costs if the value they deliver exceeds the direct cost of the project.

We recommend and encourage the CEC to allow implementers, in partnership with CBOs, to pool funds from this program with other programs to distribute them to meet the actual needs of the constituents they are serving. [Value stacking](#) funding sources relative to a common goal (like value per MMTCO<sub>2</sub>) is a much more efficient and empowering way to get solutions to constituents rather than incentive layering. Value stacking means that the outcomes of an intended program are valued and then stacked with the value of outcomes from other programs to present a combined package to a customer that can meet them where they're at and take them on a journey to decarbonization, a healthy home, or energy bill reductions.

*11. Section B, Metrics and Data Collection (pages 18-21) presents metrics that staff anticipate will be used to track progress toward the program's goals. Would you suggest changes or additions to the list of goals and metrics? Do you have Attachment 2 3 recommendations regarding the use of data and analysis to inform improvements to the program?*

The most important metrics to track are what happened and where. Therefore the goal to reduce greenhouse gas emissions should be tracked by the greenhouse gas emissions avoided

and the cost of **avoiding** (rather than "avoided") greenhouse gas emissions. To align with other programs in the state - it would also be appropriate for the CEC to track the **value** of avoiding those greenhouse gas emissions per the CPUC's Avoided Cost Calculator (ACC) or a proxy that could be layered with the ACC if the value of GHG emissions avoided happens to be valued differently by the CEC than the CPUC.

The list of demographic metrics is extensive and may cause a drag on program uptake and delivery. Meaningful metrics on equity tie back primarily to the demographic and geographic outcomes of the program - and has to be tracked. We encourage the Commission to keep metrics that require significant field data collection to a bare minimum to keep program costs in check.

Ultimately the most useful tracking metrics will be sharply focused on the **OUTCOMES** of the initiative. Tracking and monitoring them should be foundational to the program deployment, from initiating outreach via targeting to tracking, monitoring, course correction during implementation, and final record of impacts for transparency and accountability.

We appreciate the opportunity to comment on this proceeding and support the CEC's thoughtful consideration of program elements that will lead to successful outcomes for the state.

Respectfully Submitted,



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