

August 18, 2011

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-IEP-1F
1516 Ninth Street
Sacramento, CA 95814-5512
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DOCKET

11-IEP-1F

DATE AUG 18 2011

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Re: Comments of the California Energy Efficiency Industry Council on the Staff Workshop and Draft Staff Report *Achieving Cost-Effective Energy Efficiency For California 2011-2020* (Docket No. 11-IEP-1F)

To Whom It May Concern:

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits these comments on the August 11, 2011 Staff Workshop and associated Draft Staff Report *Achieving Cost-Effective Energy Efficiency for California 2011-2020* (Draft Report).

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency services and products in California.¹ Our member businesses, now numbering over 50, employ over 4,000 Californians throughout the state. They include energy service companies, engineering and architecture firms, contractors, implementation and evaluation experts, financing experts, workforce training entities, and manufacturers of energy efficiency products and equipment. The Efficiency Council's mission is to support appropriate energy efficiency policies, programs, and technologies that create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

The Efficiency Council strongly supports the Energy Commission's efforts to achieve cost-effective energy savings throughout California and appreciates the opportunity to provide these comments, summarized as follows:

- The Efficiency Council believes publicly owned utilities (POUs) play a critical role in meeting the State's aggressive energy and climate goals. Given the significant potential for further cost-effective energy savings, POUs should be encouraged to treat efficiency as their top energy procurement resource, and to continue to take aggressive action to assess, plan, and implement energy efficiency programs.
- The Efficiency Council urges the Energy Commission to support an energy efficiency data collection and independent evaluation process that will allow apples-to-apples comparisons of comprehensive data across all POUs, including the largest ones, Sacramento Municipal Utility District (SMUD) and Los Angeles Department of Water and Power (LADWP). The Energy Commission and California Public

¹ More information about the Efficiency Council, including information about the organization's current membership, Board of Directors, and antitrust guidelines and code of ethics for its members, can be found at www.efficiencycouncil.org.

Utilities Commission should coordinate to ensure transparency and accountability in the evaluation and information-collection processes for all investor owned utilities (IOUs) and POU.

- The Efficiency Council urges the Energy Commission to ensure that net-to-gross ratios are evaluated for POU just as the California Public Utilities Commission is doing for IOUs, to assist in apples-to-apples comparisons across all utilities. Although gross savings are most critical to document from an environmental impact and system planning perspective, the net-to-gross ratio is an important measure of how well programs are utilizing customer funds and can provide useful feedback to improve program design, thus increasing the overall effectiveness of efficiency portfolios over time.
- The Efficiency Council strongly believes that energy efficiency investments have many benefits in addition to energy savings, including jobs creation and economic benefits to cities, regions, and the state. The Energy Commission should encourage the POU to recognize these benefits rather than viewing energy efficiency and jobs as an either-or proposition.

A. The Efficiency Council urges the Energy Commission to encourage the POU to treat efficiency as their top energy procurement resource and continue to take aggressive action to assess, plan, and implement energy efficiency programs.

The POU play a critical role in meeting the State's aggressive energy and climate goals. Given the significant technical and economic potential identified for 2011-2020 in the POU's analyses, the Efficiency Council strongly believes there are still many cost-effective measures that the POU can take to generate cost-effective energy savings. The Energy Commission should strongly encourage the POU to identify all such measures and plan and implement them to help meet the state's goals, and thus embrace energy efficiency as their procurement resource of first choice, as required by state law (SB 1037, Kehoe, Statutes of 2005; AB 2021, Levine, Statutes of 2006).

B. The Efficiency Council urges the Energy Commission to support an energy efficiency data collection and independent evaluation process that will allow apples-to-apples comparisons of timely and comprehensive data across all POU, including the largest ones, SMUD and LADWP, as well as the IOUs.

The Efficiency Council supports staff's recommendation that a true triennial statewide estimate of efficiency achievement and targets requires better alignment among utilities. We urge the Energy Commission to support an energy efficiency information collection process going forward that will allow full assessment of all the state's utilities' contributions toward energy efficiency and that avoids the current situation in which significant data are missing or are not comparable. A data-collection and independent evaluation process that allows apples-to-apples comparisons of timely and comprehensive data across all of the POU, including SMUD and LADWP, as and IOUs is necessary to set meaningful state targets and assess progress.

The Energy Commission and California Public Utilities Commission should also coordinate to ensure transparency, accountability, and adherence to appropriate timelines in the independent evaluation processes for all IOUs as well as the POU. It is worth noting that although the POU are required by SB 1037 to submit annual reports of self-reported energy efficiency data and report on the results of independent evaluations, these independent evaluations are not always conducted by the POU and even when done, are not consistent in their presentation of results. By contrast, the IOUs are required to self-report monthly and quarterly data as well as annually, and are also subject to vigorous independent evaluation by the CPUC. In order to appropriately assess progress toward statewide goals across all utilities, as well as provide important feedback for utility resource planners and for continuous efficiency program improvement, consistent and timely independent evaluation results must be obtained for all POU and IOUs. Thus, the Energy Commission should work with the POU to assist them in developing consistent methodologies for timely independent evaluations.

C. The Efficiency Council urges the Energy Commission to study and assess the merit of net-to-gross evaluation criteria for POU's just as the Public Utilities Commission is doing for IOUs.

The Efficiency Council supports the Draft Report's recommendation that the Energy Commission explore the implications of abandoning the use of net-to-gross ratio in favor of total market gross goals. Although gross savings are most critical to document from an environmental impact and system planning perspective, the net-to-gross ratio is an important measure of how well programs are utilizing customer funds and provide useful feedback in improving program design and can help POU's, IOUs, and the State improve the collective portfolio of cost-effective energy savings efforts over time. In order for any information-collection activities to be effective, however, apples-to-apples comparisons are required across all utilities.

D. The Efficiency Council strongly believes that energy efficiency investments have many benefits in addition to energy savings, including jobs creation and economic benefits to cities, regions, and the state. The Energy Commission should encourage the POU's to recognize these benefits rather than viewing energy efficiency and jobs as an either-or proposition.

The Efficiency Council urges the Energy Commission to encourage POU's to acknowledge the multiple benefits of energy efficiency investments. Comments during the Staff Workshop suggest that some POU's, partially due to their structure and governance, may be susceptible to a false belief that spending limited funds on energy efficiency measures may mean cutting local jobs during lean times. Energy efficiency and jobs are not an either-or proposition, especially with many local jobs, including in contracting and retail, directly supporting efficiency programs. Studies indicate that job creation in the energy efficiency sector has provided a bright spot in the state's largely ailing job market. The Efficiency Council's member companies across the state have seen employment growth of nearly 30% in 2009 and another 20% in 2010. Job growth in the efficiency industry since 1995 has outpaced the statewide average fivefold.

In addition, lowered utility bills through efficiency savings allow businesses to spend more money on things other than energy that help grow their businesses, hire more employees, and invest in their communities. And, energy efficiency savings means residential customers have more money to spend in their local businesses as well, thereby supporting their local economies. In addition, as recognized in the loading order (as codified by SB 1037), energy efficiency is the best energy resource available in California and it offers the most cost-effective means to increasing energy productivity. The POU's should recognize such local economic benefits of energy efficiency investments, such that continued investments in energy efficiency are sustained and even increased.

Conclusion

The Efficiency Council appreciates the opportunity to offer comments on the Staff Workshop and Draft Staff Report. We look forward to working with the Energy Commission and other stakeholders to ensure continued cost-effective energy savings in California.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Chang", written in a cursive style.

Audrey Chang
Executive Director