

December 23, 2011

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 11-IEP-1A
1516 Ninth Street
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DOCKET	
11-IEP-1A	
DATE	Dec.23 2011
RECD.	Dec.23 2011

RE: 11-IEP-1A - Comments on CEC's Lead Commissioner Draft 2011 Integrated Energy Policy Report

To Whom It May Concern:

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits these comments on the Lead Commissioner Draft *2011 Integrated Energy Policy Report* (IEPR) being considered within the California Energy Commission's (CEC or Energy Commission) 2011 IEPR proceeding.

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 60, 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 supports the Energy Commission's ongoing efforts to develop a *2011 IEPR* that provides recommendations to ensure reliable, affordable, and environmentally sound supplies of electricity and natural gas to meet the needs of the state's economy and growing population. In particular, the Efficiency Council has focused on the energy efficiency topics covered in the draft 2011 IEPR, including efforts to increase energy efficiency in existing and new buildings; energy efficiency potential and progress by utilities in achieving energy efficiency targets; accounting of energy efficiency in preliminary forecasts of electricity and natural gas supply and demand; and the need for research and development efforts to support statewide energy policies. We appreciate the opportunity to provide these comments, summarized as follows:

- The Efficiency Council urges the Energy Commission to continue to encourage the publicly-owned utilities (POUs) to treat energy efficiency as their top energy procurement resource, as required by law, and to continue to take aggressive action to assess, plan, and implement energy efficiency programs.
- The Efficiency Council urges the Energy Commission to work with POUs to develop robust energy efficiency data collection, independent evaluation, and requirements that will allow apples-to-apples comparisons of comprehensive data across all POUs, including the largest ones, Sacramento Municipal

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 District (SMUD) and Los Angeles Department of Water and Power (LADWP), and across all utilities in the state. Self-reported data that are not independently verified or is presented with different assumptions, and generally lapses in data provided by POU, make it difficult to properly assess energy efficiency progress across the state's utilities.

- The Efficiency Council urges the Energy Commission to develop and publicize specific timelines for its action plans as part of its Phase 1 implementation of AB 758, including public comment periods, in order for stakeholders to plan appropriately and provide input.
- The Efficiency Council commends the Energy Commission staff for its improved representation of estimates of historic energy efficiency savings as it continues to refine estimates for energy efficiency's role in the demand forecast.
- The Efficiency Council urges the Energy Commission to recognize that Public Interest Energy Research (PIER) supports more than just technological innovations but also innovations in practices or processes, especially for energy efficiency. The PIER report should be amended to acknowledge this important aspect of public energy RD&D and PIER successes in this area.

A. The Efficiency Council urges the Energy Commission to continue to encourage the publicly-owned utilities (POUs) to treat energy efficiency as their top energy procurement resource, as required by law, and to continue to take aggressive action to assess, plan, and implement energy efficiency programs.

Given the significant technical and economic energy efficiency potential identified for 2011-2020 in the POU's analyses in *Achieving Cost-Effective Energy Efficiency for California 2011-2020*, 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 assist the POU when necessary during the planning and implementation phases in order to help the POU meet the state's goals. This is consistent with state laws SB 1037 (Kehoe, 2005) and AB 2021 (Levine, 2006) which require the POU to make energy efficiency as their procurement resource of first choice.

The Efficiency Council supports the Draft *2011 IEPR* recommendation requesting that the POU provide information to the CEC on the role of energy efficiency in integrated resource planning in 2009 (p.55). The analysis of this information will be central to understanding whether the POU are actually treating cost-effective energy efficiency as their first priority in the loading order; as the draft report notes, POU usually do not treat energy efficiency as a comparable supply resource. As the CEC continues its assessment of utility energy efficiency progress in future years as required by AB 2021, the Efficiency Council urges the Energy Commission to also collect information from the POU on more recent information on energy efficiency in integrated resource planning for review.

In addition, the Energy Commission should emphasize that POU energy efficiency is an area where significant progress still needs to be made. While the Efficiency Council is glad to see that the draft *2011 IEPR* identifies areas in need of improvement, the recommendations should reinforce both the legal requirements for energy efficiency for the POU and the tremendous opportunity for increased energy efficiency at California's POU.

B. The Efficiency Council urges the Energy Commission to work with POU to develop robust energy efficiency data collection, independent evaluation, and requirements that will allow apples-to-apples comparisons of comprehensive data across all POU, including the largest ones, Sacramento Municipal Utilities District (SMUD) and Los Angeles Department of Water and Power (LADWP),

and across all utilities in the state. Self-reported data that is not independently verified or is presented with different assumptions, and generally lapses in data provided by POU, make it difficult to properly assess energy efficiency progress across the state's utilities.

Apples-to-apples comparisons of comprehensive energy efficiency data across utilities are essential to track and identify successes as well as target areas for improvement. As the draft report notes, there are many deficiencies in the POU data provided to the CEC to adequately allow this assessment. In order to avoid the current situation in which significant data are missing or are not comparable due to shirked deadlines or incomplete data, the CEC must set clear expectations and clarify the Energy Commission's enforcement abilities to collect this data. If a legislative remedy is necessary in order to properly assess POU progress as is legally required, we urge the Energy Commission to state the need for enhanced enforcement abilities.

The Efficiency Council also urges the Energy Commission to better align the POUs with the IOUs through an energy efficiency information collection process that will allow full assessment of all the state's utilities' contributions toward energy efficiency. A data-collection and independent evaluation process that allows an apples-to-apples comparison of timely and comprehensive data across all of the POUs and IOUs is necessary to set meaningful state targets and assess progress towards the ambitious statewide goals. The Energy Commission should ensure transparency, accountability, and adherence to appropriate timelines in the independent evaluation processes for the POUs as is done at the California Public Utilities Commission (CPUC) with the IOUs. The Efficiency Council recognizes that the POUs 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 POUs and even when done, are not consistent in their presentation of results. By contrast, 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 POUs and IOUs. Thus, the Energy Commission should work with the POUs to assist them in developing consistent methodologies for timely independent evaluations.

The draft *2011 IEPR*'s report that "some publicly owned utilities did not see the value of EM&V" (p.53) is concerning, and we support the Energy Commission's intent to sponsor EM&V workshops in 2012 to help POUs understand "practical EM&V" (p. 56). The Energy Commission must emphasize to the POUs that EM&V is both legally required and essential for proper state and local planning. However, we disagree with the draft report's statement that "Diversity in their size, resources, customer types, and program delivery approaches makes it difficult to issue 'one-size-fits-all' prescriptive guidelines for EM&V activities." (p. 53) Although the Efficiency Council recognizes that POUs vary greatly in their size and customer base, and that some accommodations can be made for this diversity, comparable verified results are essential for apples-to-apples comparisons across different utilities. The Energy Commission should work with the POUs to develop EM&V guidelines that are appropriate for the range of POUs while still ensuring adequate, comprehensive, and independent EM&V is performed. Without sufficient POU EM&V, which ensures consistent assumptions as used for IOU efficiency programs, the state will be unable to truly know whether progress has been made towards achieving state goals.

C. The Efficiency Council urges the Energy Commission to develop and publicize specific timelines for its action plans as part of its Phase 1 implementation of AB 758, including public comment periods, in order for stakeholders to plan appropriately and provide input.

The Efficiency Council appreciates the Energy Commission's efforts to update stakeholders on the ongoing implementation of AB 758 through its website and workshops. As the Energy Commission begins to develop the details of the action plans in Phase 1 (Infrastructure Development & Implementation Plan 2010 – 2012) of AB 758 implementation, it is important to actively engage with stakeholders early and often. The Efficiency Council urges the Energy Commission to develop and publicize detailed timelines for action plan development and public comment. The Energy Commission risks undetailed or rushed input from stakeholders without a well-publicized and specific timeline, as well as sufficiently long public comment periods.

D. The Efficiency Council commends the Energy Commission staff for its improved representation of estimates of historic energy efficiency savings as it continues to refine estimates for energy efficiency's role in the demand forecast.

The Efficiency Council commends the Energy Commission staff for the improved graphical representation of historical energy efficiency impacts in the draft *2011 IEPR*'s Preliminary Demand Forecast, compared to earlier versions of the Demand Forecast that risked implying to a casual observer that a laissez-faire approach to energy efficiency could allow the state to meet its future energy efficiency goals. The Efficiency Council supports the staff's decision to avoid categorical attribution to various energy savings categories – including energy efficiency programs, codes and standards, and “naturally occurring” or “price and other effects” – as there is continuing uncertainty and controversy over the methodologies used to derive these estimates. In this manner, the Energy Commission successfully avoids providing misleading messages that could suggest that taking no action is more effective than sustained investment in efficiency programs (and strengthened codes and standards) that is required to overcome market barriers to wide-spread adoption of energy efficiency. Energy efficiency, achieved through all categories, is essential to maintaining California's leadership and will continue to play an essential role in meeting the state's aggressive energy and climate goals. We strongly urge the Energy Commission to maintain the current approach of showing total energy savings without attribution to different categories in the final *2011 IEPR* and in the final demand forecast to be completed early next year.

E. The Efficiency Council urges the Energy Commission to recognize that Public Interest Energy Research (PIER) supports more than just technological innovations but also innovations in practices or processes, especially for energy efficiency. The PIER report should be amended to acknowledge this important aspect of public energy RD&D and PIER successes in this area.

The draft *2011 IEPR* does a commendable job of recognizing the considerable impact of the PIER portfolio in advancing a myriad of technologies that have helped California meet its goals for energy efficiency and renewable energy. Indeed, the efficiency industry cannot grow, nor can our state's economy be grown or ambitious targets be met, without continual technological innovation spurred by programs like PIER. However, PIER has not only “supported several energy-efficient products and technologies that help reduce electricity [and] natural gas” (p. 167), but PIER has also produced key non-technological innovations that have helped advance energy efficiency. The PIER program has been an important part of the efficiency industry's quest for energy efficiency solutions, beyond strictly technological innovations. The Efficiency Council urges the Energy Commission to recognize the powerful role of PIER in developing innovations in practices and

processes, especially in the energy efficiency sector, and provide some of these examples to complement the list of energy efficient products and technologies on page 167.

For example, since PIER first started sponsoring research, Efficiency Council member company Heschong Mahone Group (HMG) has received funding to conduct research on how to improve daylighting in buildings, how to optimize the design of the large water heating systems in multifamily buildings, and how to bring advanced lighting technologies into the energy codes. HMG's research is not focused on developing a new widget, or making a particular company's product more competitive. Rather, it provides tools to help advance efficiency design and construction practices that can be adopted throughout California's building industry. The PIER program is instrumental in advancing the practice of energy efficiency throughout the state, and these kinds of contributions beyond strictly technological innovations should be recognized in the *2011 IEPR*.

Conclusion

The Efficiency Council appreciates the opportunity to offer comments on draft *2011 IEPR*. We look forward to working with the Energy Commission and other stakeholders to ensure an accurate and comprehensive report that encourages energy efficiency and moves California toward meeting its aggressive energy and climate goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Audrey Chang". The signature is fluid and cursive, with the first name "Audrey" written in a larger, more prominent script than the last name "Chang".

Audrey Chang
Executive Director