



CONTROLLED ENERGY

Energy Efficient Lighting & Controls

California Energy Commission

DOCKETED

15-BSTD-01

TN # 762I €

OCT 23 2015

October 23, 2015

Commissioner Andrew McAllister
California Energy Commission

Re: Docket15-BSTD-01

Dear Commissioner McAllister

I am writing to urge the CEC to agendaize and then vote on modifications to the 2013 Title 24 regulations governing lighting and lighting retrofits. The proposed modifications are a modest compromise after nearly a year of discussions of the matter by stakeholders, CEC staff, and the Commissioners.

My company has been performing energy conserving lighting retrofits since 1986. Once thriving, it was forced to lay off 80% of its technicians in 2014 after the 2013 Title 24 regulations took effect. I have been a participant in the CEC hearings about those regulations since early this year, and was disappointed to see the matter pulled off the agenda three times, leaving the matter stranded in administrative purgatory.

We urge the CEC to adopt the proposed 2016 15 day language, because it will mitigate the damage done to the lighting retrofit industry by regulations that were an over-reach and did unintended damage to an industry that has provided California with reliable energy conservation for more than 30 years.

I am also attaching a letter composed for the October meeting of the CEC, but not forwarded when the 15 day language matter was pulled from the agenda again. That letter explains the motivations and tactics of the most vocal and active opponents of the adoption of the regulatory modifications being proposed. Sadly, the IBEW with which I was signatory since 1986, eliminated the contract under which I worked for the entire state of California in an attempt to put lighting retrofit contractors out of business and to claim that market for Inside Wireman electricians.

Energy conservation has already been severely curtailed by the expensive and overly complicated 2013 Title 24 regulations. The recent move by the IBEW will only exacerbate that situation by driving union retrofit contractors out of the union and leaving no one to replace them for this type of work.

Please be sure to place the 2016 15-day language on the November 12 agenda, and then vote for it to restore a fair marketplace that delivers reliable energy conservation for California and its citizens.

Sincerely,

Don Link, President



CONTROLLED ENERGY

Energy Efficient Lighting & Controls

October 8, 2015

California Energy Commission
Dockets Office MS4
1516 Ninth St.
Sacramento, CA 95814-5512

Re: Docket No. 15-BSTD-01
Adoption of 15-day language for the 2016 Building Efficiency Standards
Non-Residential Lighting Requirements

Members of the CEC:

The Tale of a Company and an Industry in the Shadow of 2013 Title 24 Regulations

My company, which has been performing energy efficiency lighting retrofits since 1986, has gone into a coma since the 2013 Title 24 standards went into effect. 2014 income fell 79% from 2013. 2015 income continued at almost the same level, down 78% from 2013. In fact, income for those two years was down the same amount from the average annual income of the previous 6 years, indicating that the financial meltdown was measured against a baseline year that was not anomalous.

The same dynamic is at work throughout the lighting retrofit industry in California. I know of several respected competitor companies that have laid off most or all of their lighting technicians because of the lack of work. One, is on life support as its owner took a job with a distributor of electrical materials so that he could keep the company alive by subsidizing it with earnings from this new job. My company laid off 80% of its lighting technicians and is now getting labor-only requests from competitors who have no lighting technicians on their payrolls. None of this business is robust, and none of it will likely result in rehiring lighting technicians let go after 2013.

The 2013 Title 24 standards were not designed to put the lighting retrofit industry out of business, although critics of those standards predicted that this would happen if the standards were adopted as written. The CEC ignored these warning and plunged ahead. Later, after the effects of the 2013 standards became known, The CEC wisely decided to revisit those standards to determine if modifications were needed. That is where we are today, and why we are having this discussion.

If California wants to restore the type of dynamic energy savings it enjoyed from the 1980s until 2014, it must modify Title 24 to allow customers and contractors to do cost-effective lighting efficiency upgrades. The 2013 Standards do not allow that today, and the continuation of those standards in their present form will continue the energy conservation reduction that has been experienced to date and increasing in the future as lighting retrofit companies continue to go out of business or leave the field. One Third Party program that we have worked with in the past told me that it is down to 4 contractors today in contrast to more than 30 in previous years. Lighting retrofit capacity today is not just endangered, but disappearing as a result of the 2013 Title 24 Standards.

That is the situation today, and it is getting worse as this long-delayed modification of the 2013 Building Efficiency Standards continues to stall. Is it good policy to fiddle while the lighting efficiency industry

smolders into non-existence?

Controlled Energy supports the very modest changes in the 2016 Title 24 standards being proposed today, noting that they will help the lighting retrofit industry deal with very small lighting efficiency upgrades, but will not restore the robust lighting efficiency marketplace that California enjoyed for the previous 30 years.

A look at and update about the leading opponent of the proposed changes is instructive. The IBEW/NECA Labor Management Cooperation Committee revealed in May of 2015 that it was openly working to derail any attempt by the CEC “to rollback the [Title 24] standards which will return market share to our retro-fitters and unskilled competitors” (See Exhibit A). In August, the labor/management consortium revealed how serious it was about achieving that goal. In the midst of contract negotiations for the Northern California Light Fixture Maintenance contract, IBEW and NECA announced that they had “terminated” this contract which lighting maintenance and lighting retrofit companies worked under, and they put all work done by them into the Inside Wireman classification and contract. (See Exhibit B)

With this act, my company which had been signatory to the NorCal Light Fixture Maintenance contract since 1986, suddenly no longer had a home in the IBEW union. More important, for California and the lighting retrofit industry specifically, was that by abrogating the Light Fixture Maintenance agreement, IBEW/NECA eliminated the Prevailing Wage classification and wage listing for lighting retrofit and lighting maintenance workers. In its place was the only classification left, that of Inside Wireman, at a per-hour rate almost 250% higher than the Lighting Technician previously listed in Prevailing Wage determinations. An examination of Prevailing Wage determinations for Southern California reveals that the Light Fixture Maintenance classification in those counties also disappeared in August, leaving only the Inside Wireman classification and its wage requirements for lighting retrofit work there. So, all of California no longer recognizes lighting technicians certified by the state in its Non-Residential Lighting Technician category as being able to work on public works projects.

The elimination of the Light Fixture Maintenance classification was not an evolutionary development, but an overnight revolution designed to eliminate this trade from any public works projects, and it was done in August so that the Prevailing Wage listings for 2015-2016 would be published without the lighting technician classification being among them and available for contractors to use for lighting retrofit work.

Should this matter to the CEC and the state of California? It does if the state and the Commission wants to see Unified School District and municipal lighting upgrades continue to happen in the future. In the past, these upgrades, which were primarily designed to save energy and upgrade expensive infrastructure equipment, were financially possible only because of the very large savings the lighting retrofits provided. In Oakland CA, for instance, Honeywell designed the school district’s retrofit project not because Honeywell was expert in lighting, but because it wanted to change out the pool heaters, the HVAC systems, and the trash compactors—big ticket items—it was expert in. The lighting retrofits, however, saved the kWh needed to make the projects pen out financially. At Inside Wireman rates, these projects will no longer be financially feasible and will not occur unless they are subsidized. Municipal projects face the same financial headwinds.

IBEW/NECA’s shortsighted effort to capture the entire lighting efficiency marketplace it once shared with the lighting retrofit companies—many of them union under the Light Fixture Maintenance contract—means that going forward it will have 100% of a much, much smaller pie, instead of 80% of the big pie. An IQ test for the labor/management consortium is: which is more desirable, 80% of a \$ 10 M project, or 100% of a \$ 100 K project? The question is fair, and the consortium’s answer is up in the

air for anyone to guess given its actions to date.

The CEC and the state of California would probably answer that question more quickly and sensibly. If energy conservation is the goal of T24 regulations, those regulations should be modified to achieve maximum energy savings and not market domination by one of the players in that marketplace.

The dramatic slowdown in energy conservation from lighting upgrades will continue and likely deepen whether or not the proposed modifications to 2013 T24 standards are adopted. Lighting retrofit companies need a mix of large projects along with the small to be economically viable. I know this well from my 30 years in the business and experience with previous marketplace slowdowns caused by well-meaning but wrong-headed regulatory changes.

I reiterate, while holding my nose, that my company supports the modifications in the T24 lighting regulations, because they will give the remaining lighting retrofit companies some breathing room while the other deleterious ramifications of T24 come to light. We honestly believe that the CEC will return to the lighting regulations again in the near future to see what more can be done to reignite this racehorse part of the energy conservation industry. If not, California will languish where it once led, and the state, the nation, and the world will suffer from this loss.

And, from a social justice perspective, the CEC and the California PUC will jointly lament the fact that the smaller and medium rate payers are once again not being served by the Public Purpose Program surcharges being collected from IOU customers. IBEW/NECA companies have no experience, no desire, and no programs in place to serve this segment of the electrical marketplace, and if they did, their cost structure would make service to these customers too expensive to be cost-effective, and therefore to be desirable, in the business marketplace.

The CEC has an important decision to make: were the 2013 regulations an over-reach in need of modification, or perfect as they were promulgated?

It also has an equally-important decision about whether it should abolish one part of the efficiency marketplace—the lighting retrofit industry that has produced such remarkable results over the years—and deliver that marketplace to the rapacious IBEW/NECA juggernaut that has announced that its intention is to take over that marketplace and to drive the lighting retrofit companies out of it? Interesting that its victims include longtime union companies such as mine that worked hand-in-glove with Inside Wireman union companies over the years.

Fairness and a commitment to maximal energy conservation should make the CEC's decision relatively easy.

Sincerely,

Don Link, President