

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U338E) for Approval of Energy
Efficiency Rolling Portfolio Business Plan.

And Related Matters

Application 17-01-013
(Filed January 17, 2017)

Application 17-01-014

Application 17-01-015

Application 17-01-016

Application 17-01-017

**RESPONSE OF THE LOCAL GOVERNMENT SUSTAINABLE
ENERGY COALITION TO THE MAY 10, 2017 ADMINISTRATIVE LAW JUDGE'S
RULING SEEKING COMMENT ON ENERGY EFFICIENCY BUSINESS PLAN
METRICS**

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For the Local Government Sustainable
Energy Coalition (LGSEC)

Dated: May 22, 2017

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
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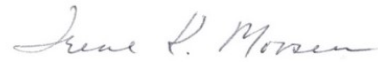
**RESPONSE OF THE LOCAL GOVERNMENT SUSTAINABLE
ENERGY COALITION TO THE MAY 10, 2017 ADMINISTRATIVE LAW JUDGE’S
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METRICS**

Pursuant to the May 10, 2017 Administrative Law Judge’s Ruling Seeking Comment on Energy Efficiency Business Plan Metrics (Metrics Ruling) directing energy efficiency business plan proponents to file and serve responses to the request for supplemental information in Attachment A no later than May 22, 2017, the Local Government Sustainable Energy Coalition (LGSEC)¹ submits this Response in compliance. As the proponent of the LGSEC Energy Efficiency Statewide Local Government Program Administration Business Plan proposal (LGSEC BP Proposal), LGSEC must comply with the Metrics Ruling by responding to the questions found in Attachment A – Questions to Proponents of Business Plans and Questions to LGSEC. LGSEC’s Response to the questions for prospective program administrators and to the specific questions for LGSEC is presented in the Attachment hereto

¹ The LGSEC is a statewide membership organization of cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities. Each of these organizations may have different views on elements of this Application, which were approved by the LGSEC’s Board. A list of LGSEC’s members can be found at www.lgsec.org. LGSEC is a program of the Local Government Commission (LGC). The LGC is a 35-year old non-profit organization supporting local government leadership in land use, energy and water sustainability.

and served on all parties in this consolidated proceeding in compliance with the Metrics Ruling.

Respectfully submitted,

A handwritten signature in cursive script that reads "Irene K. Moosen".

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ATTACHMENT

**LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
RESPONSES TO MAY 10, 2017 ADMINISTRATIVE LAW JUDGE'S
RULING SEEKING COMMENT ON ENERGY EFFICIENCY BUSINESS
PLAN METRICS**

(A.17-01-013, et al.)

**LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION RESPONSES TO
THE MAY 10, 2017 ADMINISTRATIVE LAW JUDGE’S RULING SEEKING
COMMENT ON ENERGY EFFICIENCY BUSINESS PLAN METRICS**

(A.17-01-013, et al.)

I. Questions applicable to all prospective Program Administrators (PAs)

- 1. Demonstrate in a quantitative way, via table or graphic, how the proposed metrics cumulatively are useful and effective indicators of each PA’s likely achievement of targeted energy efficiency program uptake and overall savings goals.***

Generally, LGSEC is supportive of the common metrics developed by Commission staff for all sectors that would be served by the Energy Efficiency Statewide Local Government Program Administration (LGSEC BP Proposal). As pointed out in LGSEC’s Response to the April 14, 2017 Scoping Ruling, current local government partnerships and programs touch on all sectors and cross-cutting areas of energy efficiency program delivery statewide. However, creating the quantitative table or graphic sought in this question would require an inventory of existing LGPs by sector in all IOU service territories. To date, no such inventory or market potential study exists that would allow for either a baseline to apply metrics going forward or an evaluation of existing and planned local government programs, including the 67 existing LGPs, either within individual IOU service areas or across the four IOUs. (LGSEC BP Proposal, Table 5, *Statewide Program Implementation Phases at page 24*). A major work product proposed for completion in the first phase of the LGSEC BP Proposal entails quantification and analysis of current LGP programs and metrics to establish a baseline.

Given the current lack of compiled or in some areas, available data, the LGSEC BP Proposal is focused in the early years on building a statewide administration program to support all existing local government partnerships and programs across all four investor-owned utilities (IOU). In doing so, the LGP network will be transitioned from IOU contracts to administration under a Statewide LGP Administrator, and from resource to non-resource status, which will result in a different metrics landscape than currently exists. Conversion of the current, IOU-specific LGPs into a statewide program may result in LGPs that wish to change their current resource/non-resource configuration and a changed or greater metrics diversification and data gathering. LGSEC anticipates that the Statewide Administrator will

submit future Business Plan changes with metrics tailored to program changes at later stages of the transition to Statewide Administration.

As stated earlier, LGSEC urges the Commission to provide the necessary financial resources to support creation of the statewide LGP inventory, not only as a starting point for comparison, assessing market potential, annual savings targets through 2025, establishing baselines and key metrics, measuring success towards annual and statewide energy efficiency savings targets but also for meaningful oversight of existing programs.

At present, LGSEC can speak generally to the usefulness and effectiveness of the proposed energy metrics in demonstrating progress towards local and State goals for 2018-2025, including energy efficiency and greenhouse gas (GHG) emission goals outlined by SB 350. LGSEC supports the Commission's recognition of performance in areas that are not expressed by simply counting short term energy savings and will incorporate such metrics into its proposal. Several of the proposed metrics allow for evaluation of market transformation and spillover effects (e.g. driving widespread adoption of technologies, behaviors or services, including non-participant adopters), rather than strict resource acquisition calculations, by including metrics associated with common problems such as "depth of interventions" or "penetration of energy efficiency programs in the eligible market."

The Commission should also consider additional common metrics that allow local government attributes and successes to be properly recognized. In the 20 years that local governments have operated with ratepayer funding, they have gained experience and expertise in fulfilling Commission-driven reporting requirements and participating in Commission EM&V studies. During this time period, local governments have produced a great deal of meaningful data, similar to the metrics that are proposed in the Metrics Ruling, and beyond. For example, some local government implementers are not only tracking participation and energy savings, but have even invested in developing systems and databases to manage the pipeline of their customer (or participant) relationships, design surveys or analyze digital marketing and web analytics. To the extent individual local government implementers are gathering and storing this data, the Statewide LGP Administrator could access existing material to provide additional indicators of program penetration and conversion that can be helpful both in understanding broader impacts and in making decisions about how to adapt

programs for greater energy savings.

Local governments indicate that reporting requirements and evaluation criteria are typically not provided upfront by the IOUs, are not consistent amongst other implementers, and are subject to change mid-cycle. Local government contracts often include an attachment with a long list of potential, but not always applicable, metrics, while reporting templates are developed later and often change based on new IOU data requests. In addition, local governments report that additional indicators of positive performance, like those mentioned above, are either not requested or are disregarded, or that local governments are not formally attributed credit for their work in increasing participation in various IOU programs. These inconsistencies limit local governments' ability to effectively work towards the results and shared goals that are expected of them, and undermine the perceived cost-effectiveness of their efforts. LGSEC supports the Commission's effort to standardize and clarify the metrics that will be used at the beginning of the contract or portfolio cycle. The LGSEC BP Proposal was intended to further ensure consistent application, management and enforcement of such reporting needs across local government programs and anticipates these efforts will result in more unified data collection and better outcomes as the statewide program matures.

2. Provide the number of multi-family units and multi-family properties in your respective geographic areas.

The LGSEC BP Proposal aims to administer local government programs in all sectors, including multi-family programs to the extent that they are implemented by LGPs, in most or all climate zones across the State, but not necessarily every jurisdiction or region. Currently, few LGP's conduct multi-family programs, but as local governments are presented with greater flexibility in contract scope, more will likely opt to propose multi-family programs either in areas that are not currently served, or in coordination with existing programs. The need to coordinate with existing programs will differ across the state. For example, in the San Francisco Bay Area, multi-family programs are implemented by BayREN, PG&E and Marin Clean Energy, not the LGPs. Additionally, it is not anticipated that each local government program funded will provide multi-family services. Therefore, without having conducted a full inventory of current LGP programs, and without being able to predict which new programs will be proposed in future years, LGSEC can only respond to this question by

providing statewide figures for multi-family properties as this represents the full potential market.

According to the California Energy Commission's Existing Building Energy Efficiency Action Plan (2015), there are approximately 3,126,000 multi-family properties in California, which account for 23% of residential buildings.²

II. Questions applicable to Local Government Sustainable Energy Coalition (LGSEC)

10. Please identify the “economic impact metrics” that LGSEC will use to track the success of its expanded funding and financing options, as mentioned in Table 4 (page 17).

LGSEC is proposing to use the following “economic impact metrics” to demonstrate its success in expanding LGP funding and financing options:

- Total cost (in dollars) of energy efficiency projects in each sector (e.g. residential, commercial, industrial, public) that are completed with assistance of both local government programs and IOU resource programs. Total cost would be inclusive of private investment, other incentives or subsidies, and financing. For example, LGSEC proposes formal recognition of projects supported by residential and commercial PACE financing.
- Total cost metrics can be further used to:
 - Compare against historic total costs of projects completed prior to Statewide Administrator funding to local governments.
 - Translate total project costs into direct and indirect economic multiplier effects on economic stimulus and job creation using software such as IMPLAN or NREL's job calculator.
 - Evaluate energy savings in relation to full project costs, not just direct IOU contributions.

² California Energy Commission's Existing Building Energy Efficiency Action Plan (2015).
<http://www.energy.ca.gov/2015publications/CEC-400-2015-013/CEC-400-2015-013-D.pdf> (Page 11)

- Evaluate the impact and influence of non-ratepayer funded investments or assets leveraged by local governments versus IOU resource programs
 - Customer energy cost savings associated with completed projects and corresponding to kWh and Therm savings
 - Percent of population served can be tracked alongside investment sizes in communities funded under the Statewide Administrators' to evaluate penetration and coverage of the State.
 - Number of local contracting businesses participating in programs and number of employees

It should be noted that these metrics would be aggregated by the Statewide LGP Administrator to the extent that data is available. It is not anticipated that each local government would administer programs in all sectors. Participating local governments would only be required to report data on the programs it proposed to implement. For example, in any given contract period, if no local governments opted to conduct industrial sector programs, no data would be available to support metrics reporting for the industrial sector.

11. How do “diversification of savings and outcomes,” “spillage,” and “training/outreach metrics” provide insight into the success of LGSEC’s strategy of providing “transparent, common metrics for evaluation and reporting of LGP programs” as shown in Table 4 (page 17)?

These metrics address areas that can greatly impact success for local governments that administer ratepayer funded programs, but are not typically captured or recognized in reporting or evaluations. By developing transparent and common metrics at the beginning of the 2018-2025 cycle, and enforcing the consistent reporting of these metrics across many local government programs through new or standardized contracts, the proposed Statewide LGP Administrator will be able to better collect, aggregate and analyze statewide performance and also better compare the performance of individual local government programs. For example, developing a clear, universally-applied approach to reporting “spillage,” as also recommended by Southern California Edison, will allow the Commission to better understand how program uptake is increased and influenced by different program activities. It will also allow individual

LGPs to better assess their effectiveness internally and independently rather than relying on the IOUs to conduct all synthesis and evaluation of their performance.

The Statewide LGP Administrator’s success in improving local government performance is anticipated to be best demonstrated through reporting improved overall participation in programs, and associated energy savings (compared to baseline LGP energy savings), along with additional diverse outcomes including reaching local GHG emissions reductions targets, enhanced Climate Action Planning at the local level and leveraged funding. Further insight will be enhanced by allowing for greater data access and transparency throughout the state, on par with that available to local governments with access to UCLA’s Energy Atlas in Southern California.

See also Response to Question 12 below.

12. How will “diversification of savings and outcomes,” “spillage,” and “training/outreach metrics,” as mentioned in Table 4 (page 17), be measured and tracked?

Performance metrics will be further refined in this proceeding, the upcoming workshop, and as part of program start up during the first year of statewide administration, as described in the LGSEC BP Proposal. It is currently anticipated that “diversification of savings and outcomes” will be achieved when local governments are empowered to conduct broader programming and collect a more meaningful and diverse set of metrics. “Spillage” refers to the ability for funded local government programs to have impact beyond the direct action taken, such as when a property owner completes a measure eligible for IOU incentives, but also adds on distributed energy resources (e.g. solar photovoltaic), which serves to meet other State policy priorities beyond energy efficiency. In addition to the “economic impact metrics” described in question #10, the Statewide LGP Administrator will be able to demonstrate success in diversified outcomes and spillage by measuring and tracking the following data, in addition to standard public agency project numbers and energy savings:

- Number of projects completed in all sectors (e.g. residential, commercial, industrial new and existing buildings), including projects that achieve Zero Net-Energy (ZNE)
- Number of distributed energy resource systems installed

- Ratio and amount of ratepayer funding leveraged with other funds or assets available through the local government and its partner agencies
- Number of codes, standards, policies and plans adopted
- Increase in rates of local code compliance for energy efficiency measures
- Number of buildings audited and/or benchmarked, including building data attained during audit and/or benchmarking
- Number of local contracting companies participating in local or IOU programs
- Number of local lenders actively providing financing for energy efficiency projects
- GHG emission reductions, which help meet AB 32, SB 350 and other State goals, for example, those articulated in the California Air Resources Board, 2017 Climate Change Scoping Plan Update, January 20, 2017, pp. 130-141 and Appendix B, Local Action.

Local governments that have Climate Action Plans will be able to calculate and report the impact of programs on their own local targets. For those that don't already have a Climate Action Plan, the Statewide LGP Administrator may be able to provide funds or technical assistance to develop plans and/or calculate associated GHG emission reductions.

Finally, it is anticipated that "training and outreach" will be measured by tracking data such as:

- Number of professionals participating in workforce trainings
- Number of new professional certifications attained
- Number of local governments participating in peer learning and best practice sharing with other local governments
- Number of individuals reached through marketing and outreach activities
- Number of prospective participants attending events or contacting programs,
- Number of interactions with digital marketing activities (social media, websites, online advertisements referrals)

13. How will the "ability [of] jurisdictions [...] to engage in energy efficiency," as described in Table 4 (page 19), be measured and tracked?

It is anticipated that the Statewide LGP Administrator will provide opportunities for additional local governments to access funding to support energy efficiency work. For some jurisdictions, particularly smaller, hard to reach, rural, or disadvantaged jurisdictions, this infusion of investment may be the only means of developing capacity to undertake energy efficiency activities targeting either public or private properties in some communities. To measure the Statewide LGP Administrator's ability to increase local government capacity, the Statewide LGP Administrator will track metrics such as:

- Number of LGP contracts transitioned from IOU to LGC administration
- Number of non-resource program categories, by LGP implementation
- Number of non-resource program categories initiated outside of existing LGPs
- Number of Direct Install providers in region
- Number of staff trained
- Number of new jurisdictions funded or incorporated into a regional program or partnership
- Outcomes by local governments funded (energy savings, IOU program uptake, new codes/standards, project numbers and dollar values in various sectors) compared with historic baseline numbers.
- Survey responses to learn more about capacity impacts within funded local governments
- In addition to those previously contemplated in earlier filings, other possible metrics may include the number and percentage of hard-to-reach populations served

Also, as stated in the LGSEC BP Proposal, the Statewide LGP Administrator will work with IOUs to establish a continuum for local government energy efficiency participation. This will entail taking inventory of the actions local governments have already taken, much like SCE's Energy Leader model, which ranks LGP participating jurisdictions by bronze, silver, gold and platinum. While the current Energy Leader model is quite limited and prescriptive in terms of its recognition of potential local government activities and milestones, the Statewide LGP Administrator's model could be greatly expanded to encourage more diverse and creative actions and to standardize the ranking categories across all IOU territories. This

system would illuminate those advanced jurisdictions that may be capable of achieving significant energy savings. Similarly, this system would also illuminate those jurisdictions that are currently lagging others and in need of extra interventions (e.g. trainings, technical assistance).

14. How will the proposed metrics of “aggregated processes and systems,” “LGP SW Admin economies of scale,” and “transparency” be quantified and tracked for the purpose of monitoring the success of the stated desired market effects of demonstrating “sector diversity, market penetration, [...]” in Table 4 (page 21)?

It is anticipated that successful reporting of improved statewide performance in kWh, Therms, GHG, and monetary savings over baselines will serve to demonstrate that the Statewide LGP Administrator has successfully managed LGP programs in ways that “aggregate processes and systems,” enable greater “economies of scale” and achieve greater “transparency.”

It is important to reiterate here, that there is currently no aggregated information from IOU LGP programs that establish these baselines now. This information is critical to evaluate before targeting specific performance goals, which is why the LGSEC BP Proposal requests funding in year 1 to collect and analyze cost and labor resource data associated with LGP administration and program implementation, some of which may be made available for the first time in this proceeding. Analysis of this data will allow the Statewide LGP Administrator to better develop specific metrics that demonstrate how increased centralization and standardization of contract administration practices will improve business efficiencies and economies of scale and allow for more valid comparative analysis and identification of resource sharing opportunities across programs (e.g., tool libraries, case studies, trainings, joint procurement). LGSEC anticipates that future Business Plan filings seeking approval for proposed new metrics tailored to actual program design could be submitted as the transition to statewide administration matured.