The Coalition for Energy Efficiency

Blue Green Alliance
California Advanced Lighting Controls Training Program
California Community Colleges
California Labor Federation
Center for Sustainable Energy
United Association of Plumbers and Pipefitters
Sierra Club California
Sheet Metal, Air, Rail, and Transportation Industry
Operating and Stationary Engineers
International Brotherhood of Electrical Workers
National Electrical Contractors Association

Goal for the Business Plan Filings on September 1st:

- Utilize the transition to a Rolling Portfolio to meet California's energy efficiency and greenhouse gas reduction goals by ensuring effective use of Ratepayer money to achieve real energy savings in a safe cost-effective manner. This can be achieved through
  - Innovative programs that measure real energy savings
  - The use of a highly skilled workforce to implement innovative programs
  - A data driven approach that maximize use of the Investor Owned Utilities investments in Automated Metering Infrastructures in which cost-ineffective programs are scaled back in order to make room and resources for ideas and programs with a greater potential for cost-effective energy savings
  - Using a comprehensive RFP strategy to generate market discovery and tap into innovative, cost-effective sources of energy efficiency

Overview

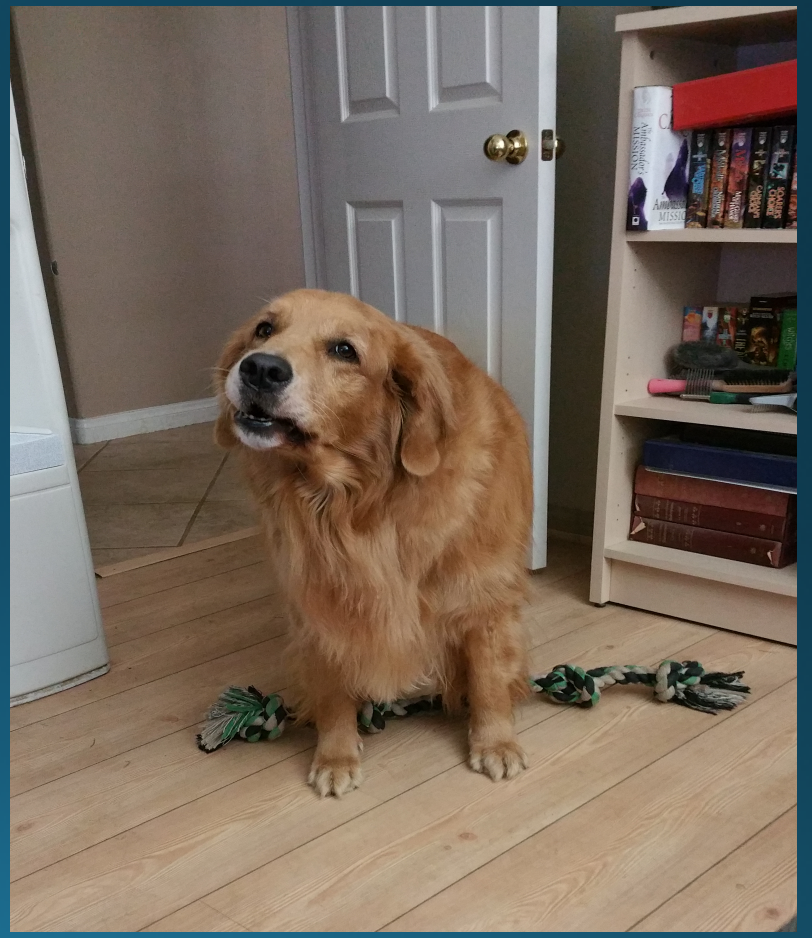
- Many existing IOU core programs are largely unchanged since 2008, despite the state's large investment in automated metering infrastructures (AMI), and technological advances in information technology and controls.
- Over 150 programs: This large number of programs increases administrative costs, causes market confusion, and reduces participation rates resulting in a loss of energy savings potential
- Having four companies work on "statewide" programs introduces unnecessary inefficiencies into program delivery
- Energy efficiency services are not monopoly utility services
- California has a community of well-capitalized, innovative and sophisticated energy efficiency program providers

Major Areas of Concern

- California's energy efficiency programs will not likely meet state EE and ZNE goals -described in AB 32, SB 350, AB 802, AB 758, Prop 39, and AB 793 unless energy efficiency programs are much more innovative, aggressive, and efficacious.
- There are too many programs making them difficult to follow and hard to understand for many potential program participants resulting in lower customer uptake
- Significant ratepayer funded investments will be made through the rolling portfolio cycle and the occupational work force must have the skills, certifications and training to safely and effectively implement programs.

Major Areas of Concern

- Workforce development programs that are not linked to employment, do not follow best practices, do not build on California's training infrastructure, and do not effectively serve workers of color and workers from low-income communities.
- Many program energy savings in California are based on calculations, not measured meter data. A significant portion of those calculated savings may not or do not fully materialize due to lack of installation standards, occupational certification requirements which result in poor quality work, contributing to improperly installed controls and equipment
- There are too many missed opportunities in ratepayer programs for both greater savings and public equity in Municipal, University, School, and Hospital (MUSH) market segments, as well as office buildings.



A refreshed California energy efficiency portfolio will:

- Unlock greater amounts of energy savings and better quality through actual energy savings measurement
- Increase greenhouse gas reduction
- Improve the availability and broaden access to reliable, verifiable, and persistent energy efficiency programs as a priority resource
- Utilize, support, and expand a high-performing energy efficiency industry and the skilled workforce needed to make it effective
- Create good jobs, job pipelines, and careers for workers from disadvantaged communities.
- Introduce needed program innovation and effectiveness, taking advantage of the state's many innovative companies with proven demand side implementation track records

Key principles for the new portfolio:

- A bright line shall be established and utilized to differentiate between administration and implementation of IOU programs
- Local program delivery and innovation are critical for advancing the EE portfolio and successful local programs and government partnerships will continue
- IOUs will continue to serve as administrators for Statewide programs
- Implementers will be chosen by competitive solicitations, subject to oversight by an independent evaluator

Key principles for the new portfolio:

- Statewide programs shall be implemented by only one entity
  - One Program Administrator will have contract responsibilities with co-funding from the other IOUs
- Safety must be a high priority in the implementation of all programs and activities
- Rolling portfolio EE programs shall establish occupational workforce standards reliant on high quality training and certification, establish contractor (and sub contractor) minimum performance standards and pre-qualification processes.
- All incentive programs which involve work that is required by law to have a building permit, must be permitted and have documented proof of passing inspection before any incentive is paid or credited to a customer or service provider.

Key principles for the new portfolio:

- Identify and launch programs specific to MUSH and multifamily affordable housing segments to ensure that all energy efficiency opportunities are pursued and savings realized.
- Support the role of behavioral and operational measures (and the related training needed) in reducing energy consumption.
  - Example: the energy efficiency controls training and certification for facility energy managers being completed by the CA Community Colleges and the CLTC at UC Davis
  - Example: Training for Building Owners and Operators on advanced controls, the Lite-Rite being offered by the CLTC at UC Davis
- Require meter-based monitoring and verification (M&V) to determine actual savings for all incentive programs applied to medium and large commercial, industrial and institutional facilities
- Fund training programs with a track record of connecting disadvantaged workers to good paying middle class jobs and career pathways.
- Prioritize funding for skills-building training that is directly linked to actual employment and leverages the state's college, apprenticeship, and labor-management training infrastructure.

Portfolio structure

- Reduce the large number of IOU programs to a core group based on market segments identified for Coordinating Committee sub groups:
  - Residential,
  - Commercial and institutional
  - Industrial,
  - Agricultural,
  - Cross Cutting,
  - Public Entities

Portfolio structure

- 25% or more of programs bid out per year to ensure annual market-based opportunities and turnover,
  - Starting in 2017
  - By 2020 the entire portfolio has been competitively bid out and restructured.
- This bidding builds on and expands the existing requirement that IOUs bid out a minimum of 20 percent of their portfolios to non-IOU designed and implemented programs
  - Overseen by Peer Review Group (PRG) and Independent Evaluator (IE)
- Follows the successful acquisition model used for supply-side resources
- Avoids disruption in the California marketplace while introducing market-based innovation

Structure of Business Plan Filing for Each Sector

- Subgroups work on data to be provided in the September 1 Business Plan filing for each sector
- These filings will provide the basis for the IOUs competitive solicitations that begin in 2017
- Market Characterization
  - Electricity/natural gas consumption, GHG emissions, costs, etc.
  - State goals, strategies and objectives SB350, AB758, AB 793, ZNE other Commission policy guidance
  - Energy Efficiency potential and goals
  - Customer landscape
    - Numbers, consumption, end uses by NAICS codes

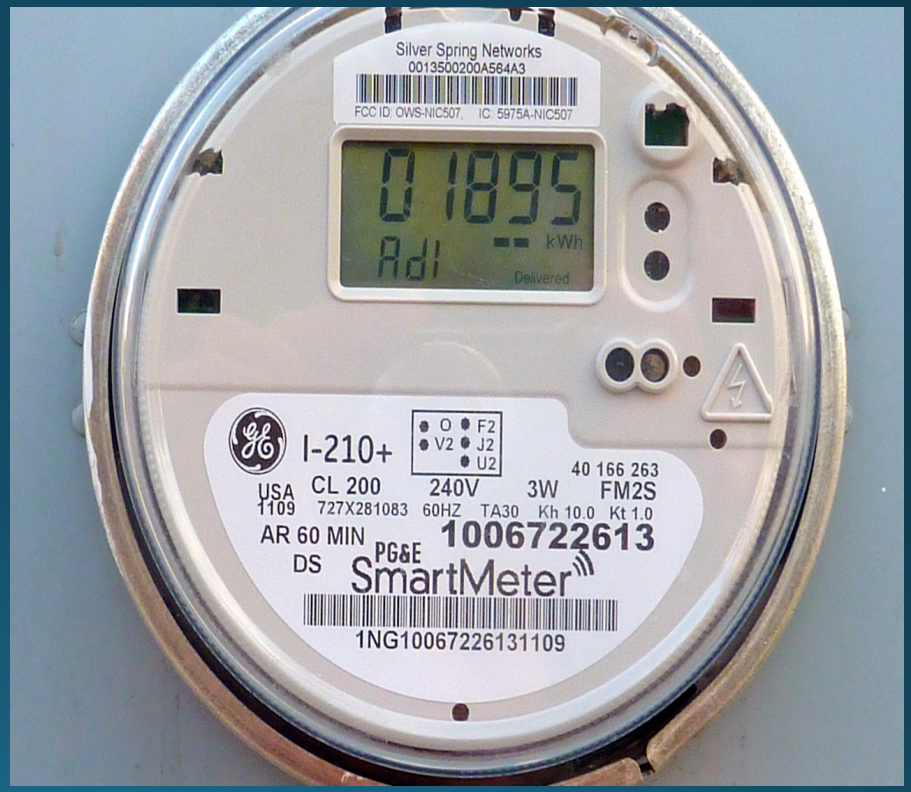
Structure of Business Plan Filing for each sector

- Major market trends
  - SWOT analyses
  - New technology
  - Innovations for reducing transaction costs
- Barriers to energy efficiency goals
- Insights/recommendations from EM&V studies

- IOUs' goals for this sector
  - MW, kWh, MMTherm
  - Products and services—market penetration
    - Short, medium, long-term

Structure of Business Plan Filing for each sector

- Target metrics
  - TRC
  - PAC
  - GHG reductions
  - $/kW
  - $/kWh
  - $/Therm
  - Other KPIs
- Initial Budgets
- Minimum qualifications of bidders



Schedule

- PAs file September 1
- CPUC Approval November 15
- Bids Issued for (E.G) Commercial Sector (1st 25%) January 2 2017
- Bids submitted March 2
- Winners chosen, presented to PRG,IE by April 15
- Contract(s) signed June 1
- Bids issued for (E.G.) Industrial, Ag sectors (2nd 25%) August 1
- Winners chosen, presented to PRG, IE October 15
- Contracts signed December 31

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