

Comments on Southern California Edison's Draft Business Plan

Submitted by: Center for Sustainable Energy

RULEMAKING R.13-11-005, Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.

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I. Introduction

As a mission-driven nonprofit organization, the Center for Sustainable Energy works with policymakers, regulators, public agencies and business as an expert implementation partner and trusted information resource. We help drive the adoption of clean, sustainable energy solutions.



Energy Programs

CSE designs and implements market development programs and provides policy guidance on future investments.



Public Sector Services

CSE provides sustainable energy planning assistance for local/ regional/ national governments, agencies and organizations.



Workforce Training

CSE provides community education, professional training on energy codes, standards and best practices.

II. Commercial Sector

Overarching Commercial Sector Feedback:

- While the commercial sector includes large, medium, and small commercial buildings, CSE encourages all PAs to empower building owners, of all sizes, to more effectively manage the energy of their buildings. CSE feels there are complementary roles to play among the PAs serving owners in the same territory, specific to building size and customized tools for a specific building subset (e.g., if BayREN and MCE are to focus on the smaller buildings, then how can PG&E's offerings support medium and larger buildings).
 - In particular, large commercial building owners (and large portfolio owners) are already quite sophisticated when it comes to energy management, so the focus becomes how to continue to engage with them effectively to: 1) get persistent savings; and 2) share their stories of success with medium and small business owners.
- As much as PAs are equipped to do so, and CSE would argue that PAs are uniquely equipped (the IOUs in particular), business plans should align with the market as it relates to energy efficiency in the commercial sector. The commercial sector craves standardization and continuity. As such, the business plans play an integral role in laying the groundwork for and enabling continued participation by the commercial sector in improving energy efficiency in their buildings.
 - CSE encourages all of the PAs to engage CRE stakeholders (BOMA, IREM, USGBC) more regularly and uniformly, so as to better understand the needs and opportunities of the commercial sector in improving building performance.
- While numerous business plans touched on AB 802 specific to efficiency standards, few plans elevated the importance of and opportunity in the state's [new benchmarking program](#).
 - The forthcoming statewide benchmarking program has an unprecedented opportunity to weave together building-level information with business plan goals for the commercial and multifamily sectors.
 - The IOUs should create online benchmarking portals allowing them to provide and collect building information; an even more robust data set can be accessed when using Portfolio Manager Web Services as utilities can pull building profile information back from Portfolio Manager submissions.
 - The implementation of the new benchmarking program will require commercial and multifamily buildings (larger than 50,000 sq. ft. according to current draft regulations) to benchmark their buildings. This act, to happen annually, will foster an already growing industry practice to track building performance. Business plans can best serve the commercial sector by not duplicating program offerings, but rather making sure key services (i.e., audits) can be accessed statewide.

- While there will be statewide programs for the commercial sector specific to HVAC (up/midstream) and Savings by Design, CSE strongly encourages PAs and the Commission to consider additional statewide coordination in working with commercial buildings. CSE feels that PG&E included several excellent ideas for engaging commercial owners [e.g., complementing energy audits with project development assistance and partnering with large customers to develop long-term strategic energy management plans. (Pg. 26)], and CSE would like to see those offerings implemented throughout the state. CSE is disappointed that PAs did not choose downstream pilots, such as the Commercial Energy Advisor, as suggested in D.16-08-019.
- CSE was encouraged that several business plans incorporated ideas for elevating the tie between energy efficiency in buildings and grid reliability. In particular, SCE wrote about its IDSM Grid Reliability Rapid Response Pilot, where “this pilot will supply a rapid response set of EE, DR, Solar, and IDSM solutions to help alleviate grid restraints” (Pg. 24). Given the recently published Phase III scoping memo and mention of “locational targeting or sourcing of energy efficiency”, it certainly seems that business plans looking to incorporate and emphasize this strategy are correctly anticipating the strength of these pilots and the potential for scalability.

Specific Comments:

1. **Pg. 9**, In the section “Electricity Consumption by Customer”, SCE writes that most of their work engaging the commercial sector was with large businesses (From 2013-2015, SCE installed EE measures in 40% of all large commercial SAs).
 - Does SCE intend to continue their focus on large customers given that subset’s high annual energy usage? If yes, does SCE intend to coordinate with SoCalRen to target equally strong engagement with the medium and small commercial sectors?
2. **Pg. 16**, “Technical assistance to support benchmarking component of AB 802 and Energy Star Portfolio Manager.”
 - Please provide more information on the type of technical assistance SCE plans to offer to support building owners. SCE should be building an online benchmarking portal for building owners to use in requesting whole-building data and then be able to automatically send monthly, whole-building energy consumption to Portfolio Manager.
3. **Pg. 16**, What type of audits does SCE intend to provide as part of the suite of services for Large Footprint Customers (LFC)?
4. **Pg. 22**, Which of the proposed pilots, if any, does SCE plan to propose for statewide implementation?

5. **Pg. 24**, “When SCE is experiencing a grid congestion situation (e.g., Aliso Canyon, SONGS-affected areas, other identified transmission and distribution congested locations, etc.), this pilot will supply a rapid response set of EE, DR, Solar, and IDSM solutions to help alleviate grid constraints. This is not a new concept since SCE faces these grid congestion challenges today. There are current grid reliability activities in both Aliso Canyon and SONGS-affected areas. However, this pilot is envisioned to have a pool of ready-made resources to address urgent electrical system needs, without needing time-intensive regulatory approval.”
 - Please provide more information on the proposed scale of this pilot and how SCE plans to by-pass regulatory approval.

III. Residential Sector

1. **Pg. 27**, “Energy Upgrade California Home Upgrade: The EUC sub-program is designed to build customer and contractor awareness of the house-as-a-system approach to residential retrofits and the many benefits of improving the comfort, safety, and energy savings potential of the house. The EUC approach promotes both Basic and Advanced Paths to retrofiting; these complementary paths will be presented to customers as one comprehensive offering.”
 - References to Home Upgrade should use the term Home Upgrade, not EUC. Energy Upgrade California® is the state's energy efficiency ME&O brand. It is no longer the name of the whole-house program, and the acronym EUC is not appropriate to use in any case.

IV. Codes and Standards Sector

Please refer to CSE comments on the PG&E Codes & Standards Sector chapter, as PG&E is the overall assigned statewide lead for Codes & Standards. CSE recognizes that SCE is the assigned statewide lead for Building Codes Advocacy, but CSE does not have comments to provide at this time.

V. Finance Sector

Overarching Finance Sector Feedback:

1. CSE wants to underscore the importance of a concierge or coach when it comes to financing. Regardless of the quantity of financial product offerings, if there are not consistent resources or points of contact to help customers learn about and understand how different financial offerings are best suited for their needs, then uptake of energy efficiency financing (regardless of quality) may suffer.
2. CSE encourages all PAs to include more information on how they will plan to integrate financing into their portfolios broadly and on how they intend to allocate money to better fund marketing, education, and outreach. Furthermore, CSE encourages all PAs to pair with that information regarding how energy savings associated with financing can be tracked and claimed toward goals.
3. CSE wonders why there is no mention of leveraging Go Green Financing resources. Moreover, CSE finds it problematic that there is no mention of the REEL Financing Program or integrating a financing message into overall program design. Market research has shown that financing cannot be successfully promoted as a stand alone effort; rather, it must be part of the consumer engagement strategy for energy efficiency program participation. States that have had successful uptake in financing have had an interwoven strategy promoting energy efficiency concept benefits with incentives and financing solutions in a way that customers could best achieve their objectives for accessing energy efficiency improvements.

Specific Comments:

4. **Pg. 90**, “Costs born by ratepayers for nonincentive services (e.g., pump tests, lab services, audits, etc.) that collectively result in energy savings (with or without incentives) could be paid for through financing. This could increase the availability of these services while saving ratepayer dollars.”
 - CSE does not feel this is an actionable strategy that could be implemented. At a minimum, SCE and the other IOUs should leverage the statewide ME&O program and Go Green Financing resources to promote financing as a solution without giving the illusion that they are endorsing any one single financing program.

VI. Emerging Technology Sector

Overarching Emerging Technology Sector Feedback:

- The Emerging Technologies Program (ETP) is a non-resource program that supports the California ratepayer-funded programs, which SCE is looking to optimize based on a statewide model. ETP efforts are guided by Technology Priority Maps (TPMs), which have been relatively unique to each IOU to date but would be combined into statewide TPMs under the new proposed structure (identifying a 1-2 year ramp-up in developing the TPMs).
- The ETP proposal recognizes an evolving marketplace where measures are trending to become more integrated and less individual solutions, and data gathering and analytics are providing streamlined M&V but also informing potential behavioral programs. Some of the major recommendations from SCE's proposal/plan are: 1) increasing the ETP's role beyond EE; and 2) growing it to support other IDSM programs/technologies, such as DG and storage. Furthermore, SCE believes the ETP program can help to identify locational value of DSM technologies to increase grid reliability and defer costs.
- Beyond the ETP being a resource to incentive programs for new measure ideas, another part of the plan identifies how the ETP would support the Workforce Education and Training (WE&T) and Codes and Standards (C&S) Programs, facilitate reducing policy or regulatory barriers, and support regulatory and legislative initiatives.
- Based on the information provided in the business plan, CSE believes the Emerging Technology Program to be in line with issues related to achieving state GHG emissions reduction and ZNE goals, recognizing the locational benefits of DER to the grid and looking to implement more integrated DSM efforts.

VII. Public Sector

Overarching Public Sector Feedback:

- There is not enough detail in any of the business plans about how to tackle the hurdle of master meters and submeters or how aggregated data will be able to be broken out for analysis. To effectively benchmark a property today, Portfolio Manager requires the input of monthly, whole-building data. The majority of public sector customers do not have building-specific meters, but rather, they have a master meter with submeters. This meter set-up does not give facility managers a clear picture of where energy intensity is highest. For example, a city property may be metered with the street lights around it. As such, it can be very difficult for these public sector customers to determine where energy efficiency measures would be most useful. To address this situation, PAs can offer intensive Portfolio Manager training as well as offer onsite experts at complex public sector sites. Furthermore, PAs can help public sector customers understand their options for other meter configurations or data analytics.
- All IOUs include the need for more robust energy management systems for the public sector in their business plans. While public sector properties would certainly benefit from access to energy management software and its analysis, there also needs to be a process in place for creating an institutional culture around energy management. The strategy to offer more energy management tools to public sector customers should be thoughtfully considered so as not to have possible stranded benefits in the years to come.

Specific Comments:

1. **Pg. 13,** “The TRC methodology is the rubric for evaluating cost-effectiveness in EE. A more mature clean-energy market and reductions in the cost of other energy sources (such as natural gas) have reduced the cost of avoided energy in the TRC calculation, driving down overall benefits. This reduction in avoided energy costs translates to a reduction in EE benefits, thus lessening the perceived value of EE. Although this decrease is a portfolio-wide problem, it is more prominent in the public sector because energy savings are not easily realized in that sector⁸ and because of the sector's additional cost burdens of outreach and strategic planning. A re-evaluation of the TRC standard to better reflect the value of EE in meeting the state's ambitious SB 350 goals will be key to ensuring participation in EE programs, particularly in the public sector.”
 - CSE agrees that cost-effectiveness tests, like the TRC, need to be re-evaluated and perhaps used in concert with other tests that include GHG emissions reduction impact so as to incentivize EE reductions (instead of possibly lowering benefits when

EE drives down consumption). CSE acknowledges the ongoing Energy Division staff research on a societal cost test.

2. **Pg. 14**, “The declining cost and increased adoption of solar and battery storage is making a great impact on the EE marketplace. Over the last six years the price of solar photovoltaics has dropped dramatically, from an average cost of \$7.50/watt in 2009 to less than \$2.50/watt in 2015.¹³ Additionally, the cost of lithium ion energy storage has dropped from \$1250/kWh in 2009 to less than \$225/kWh in 2013. This dramatic drop in lithium ion costs is the result of growth in the demand for EVs. Each of these technologies is cannibalizing the funds the public sector would have spent on EE.”

- CSE believes there is room for an all of the above approach to include solar, storage and EE while addressing the public sector’s energy needs, meeting the state’s GHG emissions reductions, and aligning with ZNE and SB 350 goals. Given that [California’s energy resource loading order](#) puts EE ahead of demands response, renewables, and distributed generation, CSE feels strongly that there will continue to be a robust emphasis on the role of EE in portfolios. For example, many of the state’s renewables and distributed generation programs require an EE audit before granting participation in the program, with many many current and pending renewables and DG incentive programs seeking to increase EE requirements for participation.

3. **Pg. 15**, “Entities with distributed leadership had difficulties planning and executing projects, while entities with a centralized leadership, such as the UC System, were highlighted for their superior achievements in energy efficiency.”

- CSE found this sentiment to be echoed across all of the PAs’ business plans. CSE acknowledges that there are disparate groups of customers within the public sector with widely varying levels of expertise, staff availability and motivation to do EE projects, making it difficult to pick a one-size-fits-all approach for the sector. As such, CSE recommends a framework for identifying different organizational structures at the outset so as to best tailor outreach and services to a variety of public sector customers.

VIII. Workforce Education and Training Sector

Overarching WE&T Sector Feedback:

- While PG&E is the assigned statewide program administrator for WE&T specific to K-12 Connections and Career and Workforce Readiness, local WE&T efforts, as proposed in other plans, do not focus on similar elements for outreach and engagement, making it very difficult to compare and understand how the different WE&T offerings in IOU territories will complement one another.



As a mission-driven nonprofit organization, CSE works with energy policymakers, regulators, public agencies and businesses as an expert implementation partner and trusted information resource. Together, we are the catalysts for sustainable energy market development and transformation.

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