

CAEECC Residential Input, Pre-Stage 2 Presentations: TRC and Local Government Programs

1. For the market sectors of interest to you, please state one or more high level “problem statements” that specifically identify gaps or challenges facing the current PA energy efficiency program portfolio. For example, *“Public K-12 Schools are not doing nearly enough energy efficiency retrofit work despite having huge savings potential and access to the PA K-12 Schools program.”*

We know that non-energy benefits (for participants, utilities, and society) are a meaningful qualitative and quantitative outcome of many energy efficiency programs, particularly in the residential sector. However, cost-effectiveness requirements and TRC often have the unintended effect of limiting what these programs can do. This can not only stifle innovation, but also prevents IOUs and the CPUC from capturing and claiming the full value and benefit of energy efficiency programs.

2. Please share specific observations related to the problem statement you describe above. For example, *“Public K-12 schools lack resources including staff with energy efficiency expertise to implement retrofits. Schools have a limited window for projects (summer) and therefore often miss opportunities based on timing. Schools...”*

TRC is often an argument for not innovating, for not pushing new technologies, for not designing programs that have broad impact and value. While we recognize that responsible stewardship of ratepayer dollars requires accountability to some cost-effectiveness standards, TRC has a tendency of undervaluing programs and preventing solutions that can help ratepayers in broader way than just reduced energy bills.

Rising Sun Energy Center’s California Youth Energy Services (CYES) program, a unique residential direct install program that operates as part of five Energy Watch partnerships in PG&E territory, is one example. This nonprofit program was built through municipal and community partnership in Berkeley in 2000, and today serves 20 cities. The program, which targets hard-to-reach customers by presenting zero barriers to participation, achieves quantifiable energy savings, but also reduces residential water use and promotes sustainable behavior change. Many local governments have written CYES into their Climate Action Plans as a key strategy. However, only utility-approved energy efficiency measures can be “counted” for energy savings, and there is no value given to the water benefits or to resulting customer behavior change.

CYES is also, above all, a workforce development program that trains and employs local underserved youth to serve their communities, that builds the next generation of environmental stewards and sets them on a green career pathway. These benefits are also difficult to quantify in a resource-only model.

CYES is unique as a combination of youth employment and direct install residential services, but its experience in not being able to monetize the full scope of its impact is not unique in residential programs.

3. Cite the analyses and data sources that support your observations and problem statements. If you are citing unpublished information sources, feel free to attach such documents in your transmittal email for sharing with the larger group.

We know that there is interest on the part of the IOUs and CPUC to assign value to non-energy benefits. We also acknowledge that quantifying these benefits can be challenging. However, there has been much research done on the topic, and there are programs that successfully quantify these benefits and the SROI (social return on investment). As one example, a paper published by the International Energy Agency (IEA) entitled “*Evaluating the co-benefits of low-income energy-efficiency programmes*” explores both the types of co-benefits that may be realized in energy efficiency programs (e.g., resident health, local jobs, improved community appearance and higher property values, more local spending, reduced energy infrastructure costs, fewer energy subsidies, reduced unwanted mobility, etc.), as well as potential methods for evaluation of those benefits:

https://www.iea.org/publications/freepublications/publication/low_income_energy_efficiency.pdf.

See also: “*Valuation of Non-Energy Benefits to Determine Cost-Effectiveness of Whole-House Retrofits Programs: A Literature Review*”, http://www.state.vt.us/psb/EEU/Cost-EffectivenessScreening/Amann_ValuationOfNon-energy.pdf and “*California’s Experience in Incorporating Non-Energy Benefits into Cost-Effectiveness Tests*”, https://www.iea.org/media/workshops/2013/energyproviders/Session3_4_Morgenstern_IEAOct16presentation.pdf. We’re confident that there are many other such studies that the CPUC and IOUs are familiar with and have considered.

4. Describe high level intervention strategies and respective performance metrics that you believe the PAs should be considering to address the problem statements you noted above. Reminder: these should not be specific program ideas or specific implementation strategies. That level of detail will be the subject of discussion after the Business Plans are filed in September, 2016.

In PG&E territory (and likely within other IOUs, but PG&E is where our experience lies), local government partnerships are where locally-driven programs have the opportunity to grow and innovate based on the needs of the community. While TRC and cost-effectiveness can still be a barrier, greater credence is given to non-energy benefits because programs are tailored to additional community priorities such as workforce development, water conservation, or poverty alleviation. Viewed as a portfolio, more room can be made for residential programs that achieve both resource and non-resource benefits, but that as a result may not be as traditionally cost-effective as commercial energy efficiency programs

or residential energy efficiency programs that focus solely on energy benefits. This is in line with the intention of Local Government Partnerships laid out in CPUC Decision 09-09-047, which includes “Local governments lead[ing] their communities with innovative programs for energy efficiency, sustainability, and climate change”, including (at least for PG&E) “commercial and residential retrofit work”. IOUs should continue to prioritize local government partnerships as a place where innovation and non-traditional methods can be employed to maximize ratepayer benefit, including both energy and non-energy benefits.

In addition, further thought, direction, or prioritization could be given to how to quantify and monetize non-energy benefits, to both encourage further innovation and increase the value of energy efficiency programs for all California residents and for local governments, as well as for the IOUs.

5. If there are key potential partners (e.g., Realtors) needed to support your proposed intervention strategy please describe those partners and what their roles might be in those interventions.

We encourage engaging residential direct install implementers in this conversation, as well as local governments, to understand where innovation is occurring as well as what the non-energy benefits are that could or should be quantified.

6. If you believe that certain current intervention strategies in the PAs portfolios should be shut down or materially changed, please explain your thoughts and provide evidence in terms of data or reports supporting your contention.

N/A