

November 10, 2016

TO: Matt Evans, SCE; Darren Hanway, SCG; Meghan Dewey, PG&E; Athena Besa, SDG&E;

CC: Lara Ettenson, NRDC; Michael Campbell, ORA; Ted Pope, 2050 Partners; Katie Wu, CPUC;
Michael Callahan-Dudley, MCE

Subject: *Comment letter to IOU Program Administrators On Strategic Energy Management, particularly as it pertains to proposals for statewide programs.*

Efficiency Council members who serve industrial and large commercial customers would like to encourage the IOUs to reconsider their view of Strategic Energy Management (SEM). From recent discussions and meetings, it appears the current PA thinking is to define SEM as a statewide “program”, with initial application limited to an SEM cohort in a particular market segment to test SEM in the California market.

We believe that such an approach limits the market – it limits customers who can benefit from SEM, consultants who can implement SEM, and the energy savings that can be captured. Instead of defining SEM as a “program”, we strongly suggest that SEM be considered an “approach”, with clearly defined minimum elements, including nationally relevant tools, criteria, methodologies, EM&V protocols, training elements, etc. An SEM approach could be implemented by implementers in a variety of utility-approved markets– from large customer cohorts across industries, to customer cohorts within industries, to individual customer engagements within existing third party programs, to national accounts, etc. SEM as an “approach” will allow utilities and implementers to drive more savings through multiple channels to address the diversity of the market and grow savings.

During discussion on this topic at the November 2 CAEECC meeting, the question surfaced about how to mesh SEM as an approach with recent proposals by the IOUs to make SEM a statewide program. In thinking further about this, we believe that it would be a mistake to limit SEM to a statewide *program* which wouldn’t allow the *approach* to be used broadly with any of the large customers. If SEM were proposed to be statewide, it would need to be configured as an approach or “element” (as proposed by MCE in their statewide comments). In this scenario, SEM would be defined by the SW administrator (including nationally relevant tools, criteria, methodology, EM&V protocols, training elements, etc.), and implementers could add it to their toolbox as an approach in any service territory.

We recommend that the PAs leverage the expertise and lessons learned from SEM resource acquisition programs in the Northwest and elsewhere to quickly launch SEM as an approach instead of limiting SEM

to a narrow program. For example, attached please find a set of slides from Navigant that describes best practice SEM strategies from across the nation for the design of commercial SEM.

Finally, we are excited to hear that there will be a workshop in December on Strategic Energy Management. However, we understand there are IOU-Energy Division meetings currently in process on SEM. We believe that these meetings should allow the participation of implementers, so that California ends up at a more workable place for the implementation of SEM more quickly. The best practices for SEM slides (attached) are an example of how broader stakeholder input could be helpful to getting SEM off the ground quickly.

Regards,

/s/

Margie Gardner,
Executive Director