

A.17-01-014
SDG&E 2018-2025 EE Rolling Portfolio Business Plan
TURN Data Request TURN-SDG&E-01 Dated February 24, 2017
Question 2
Submitted: March 20, 2017

Statewide Program Administration

2. On pages 18-19 of SDG&E's Business Plan, SDG&E discusses its proposal to serve as lead statewide administrator of the statewide "Residential and Commercial Upstream HVAC program." SDG&E elsewhere refers to this program as the "Statewide HVAC Upstream/Midstream Program." Regarding this proposal:
- a. SDG&E states on p. 18 that the current distributor stocking program has "seen very low realization rates (18%) for air cooled units, which account for most of the units that participate in upstream programs." Please clarify whether this realization rate includes stocking of both residential and commercial HVAC units and explain what the realization rate means, how it was derived, and what it is applicable to.
 - b. SDG&E reports on p. 18 that the recent impact evaluation suggests SDG&E should "set program efficiency criteria for full-load and part-load combinations" and pre-identify units "that meet the criteria such that savings claims are tied back to make and model numbers collected by participating distributors." PG&E goes a step farther in identifying current barriers to improving HVAC performance improvement, suggesting that the creation of a statewide tracking system for the sale and installation of new HVAC equipment (tracking by serial number) could aid in compliance improvement.¹ PG&E references the California Existing Buildings Energy Efficiency Action Plan – 2016 Update, which includes the following strategy: "1.5.8: Serial Number Tracking: If indicated as a critical resource for compliance improvement, establish HVAC equipment serial number tracking database." *See also* CEC Request for Proposal – RFP-16-403 – HVAC Equipment Installation Compliance Tracking System Business Needs and Functional Requirements, issued Feb. 22, 2017.
 - i. Does SDG&E agree with PG&E that the development of an HVAC equipment serial number tracking system by the CEC would help facilitate the enforcement of code compliance requirements and improved HVAC efficiency? Why or why not?
 - ii. Assuming that a statewide HVAC equipment serial number tracking system will be developed, how will SDG&E, as statewide administrator for the Upstream HVAC program (as well as the Residential QI/QM program) work with the CEC to support the development of the new tracking system and to align one or both of these statewide programs with that system?

¹ A.17-01-015, Attachment 1 (PG&E EE Business Plan), Appendix F, p. 30 (referencing the California Existing Building Energy Efficiency Action Plan -- 2016 Update, p. 22).

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iii. Per Figure 1.10 on p. 23 of SDG&E's Business Plan, SDG&E proposes to bid out the Statewide HVAC Upstream/Midstream Program in "Phase 1 2017" but to wait until mid-2018 to bid out the Statewide HVAC Downstream QI/QM program. Please explain whether SDG&E considered bidding out both programs together, which could potentially allow bidders to propose use of an upstream/midstream statewide serial number tracking system as part of the downstream QI/QM program, and other synergistic program elements.

SDG&E Response:

2.a. Please refer to "Impact Evaluation of 2013-14 Upstream HVAC Programs (HVAC1), DNV GL, April 1, 2016," on page 2 of the report in section "1.3.1 Chillers" along with Table 1 on page 3. The report focuses on Commercial HVAC and therefore the reference is relating to commercial HVAC. The realization rate as defined in the CPUC's Energy Efficiency Policy Manual (Version 5, p.54) is "the ratio of achieved energy savings to predicted energy savings." Regarding how the realization rate was derived and what it is applicable to, the study states, "the only differences between ex ante and ex post estimates are the chiller efficiencies."

2.b.i. The barriers identified by PG&E include the lack of enforcement of the code compliance requirements. SDG&E will continue its work with the Western HVAC Performance Alliance (WHPA)² and other stakeholders in support of the right intervention for the compliance barriers that PG&E has referenced; however, any strategies and tactics are dependent on the CEC's development of a new tracking system as described in the CEC's RFP-16-403—HVAC Equipment Installation Compliance Tracking System Business Needs and Functional Requirements.³ SDG&E will continue to closely monitor the CEC's progress on its as it pertains to the development of a statewide equipment serial number tracking system.

2.b.ii. SDG&E believes that a strong partnership with the CEC is imperative to successful market transformation of the HVAC industry. SDG&E will continue its work with WHPA and other stakeholders in support of the right intervention for the compliance barriers that PG&E has referenced, however, any strategies and tactics are dependent on the CEC's development of a new tracking system. SDG&E will continue to closely monitor the CEC RFP and process for the development of a statewide equipment serial number tracking system.

2.b.iii. As detailed in the Residential and Commercial Upstream HVAC Program and Residential QI/QM Overviews and Solicitation Strategies (please see "Solicitation Strategy" sections on pages 19

² For more information on WHPA, please go to <http://www.performancealliance.org/Home/tabid/366/Default.aspx>.

³ For more information, please go to <http://www.energy.ca.gov/contracts/RFP-16-403/>, at 8.

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and 22 of SDG&E's Business Plan), SDG&E did give considerable thought to the solicitation process further outlined in Figure 1.10.

One of the main considerations in the development of SDG&E's solicitation process is to balance the number of solicitations at any given time with a goal of avoiding market disruptions, abrupt program starts and stops and other potential negative effects associated with flooding the market with Statewide Program and third party program solicitations for all IOUs.

SDG&E strongly believes that these solicitations must be staged and sequenced properly to first address the primary objectives of the upstream and midstream HVAC channels (as detailed on page 18 and 19 of the Business Plan). Upon selection of an implementer that understands and can help develop the program approach and tactics to move the focus to upstream incentives for manufacturers to design more efficient systems and midstream channels, SDG&E can then work to integrate end customers' requirements into a solicitation for the downstream program approach. Key in this progression is the need to ensure that for the upstream and midstream channels, products and programs are developed prior to soliciting for the downstream customers' needs. SDG&E intends to ensure that the downstream programs are fully supported and coordinated with this upstream and midstream program strategy and channel development.