

From: [redacted]

Date: Tuesday, February 23, 2016 at 6:20 PM

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Subject: Comments for Commercial and Residential Gap Analysis & Business Plan Process

I attended both the commercial and residential business gap analysis meetings [redacted]. I am providing my comments below for your consideration.

- (1) The strategic planning goals are expressed as desired outcome for the market place. Currently, there are no baseline metrics for these goals other than we are not quite achieving them. It is important to ask these baseline metrics to be developed so progress to strategic plan can be monitored. For two days of discussions, I heard many requests for metrics. This requires urgent action and should be assigned to the M&E team.
- (2) The IOUs potential study is an addressable market potential, developed for the purpose of goal setting for the IOUs program portfolio. To link the current potential study to the strategic planning goals, we need to see the technical potential for California. This is an action for CEC as indicated in the AB802.
- (3) To achieve technical potential to support the strategic plan goals, we need the millions of Californians and businesses to cooperate (i.e., change life styles and business practices). In the meeting today, an attendee suggested a tie-in to the Marketing Education and Outreach cross-cutting plan. I agree with her assessment.
- (4) The REN's energy savings goals should be included in the potential goals already. The REN's program costs are a part of the IOUs portfolio. There seems to be lack of clarity and confusion about these three concepts: (1) strategic plan goals, (2) IOUs savings goals and potential study, (3) REN's savings goal. Perhaps the sub-committees need to provide clarification on these concepts.
- (5) If California is serious about carbon reduction and climate warming, there needs to be a balance between the preoccupation with free-riders and public-good. When you use technical potential, the concept of "freeriders" is no longer important. It is more important to gain market share – which is what the strategic plan is calling for (i.e., 100% of new constructions are ZNE qualified by 2020 or 100% of MF complexes will decrease energy usage by 40% by 2020).
- (6) There were also multiple requests for PAs to set aside program/customer areas for bidding—calling for better and more innovative program designs. Calling for creative program design is a perfectly reasonable request. However, bundling this request into this short-fused business planning process is probably not a good idea since a bidding process will take time. The IOUs already have 30% of their portfolio out for 360 IDEEA bidding for third party program

designs and implementations. These new bidding requirements can be combined into the statewide 360 IDEEA RFP process, but it is not a good idea to tie-up the business plan process.

(7) New program concepts always sound good until the reality of implementation sets in. Why wouldn't we require these new concepts to be piloted first before scaling them up?

(8) Need to revisit the Cost effectiveness yardstick

a. Can these new innovative program designs and implementations be cost-effective using the old cost effectiveness yardstick? Unless we address this policy gap (i.e., TRC), these new innovative concepts will go no-where.

b. We need to decide if we are designing programs for "carbon-reduction" or for "postponed generation". The PA program portfolio is about cost effectiveness using the "postponed generation" yardstick.

c. We have a two-prong challenge: (1) California needs better program design to go beyond "postpone generation" to meet the strategic planning needs, (2) we need improved the cost effectiveness yardstick to give these new program a fair chance.

(9) For this strategic planning process, we need to separate short-terms actions to meet short term goals from actions to achieve intermediate goals, in the context of desired outcomes. If we combined all these actions into a single deliverable bucket, things will become very confused quickly. For the September business plan, I recommend we focus on—

a. Required short-term actions for program implementation in 2017 (short-term output),

b. Require actions to address a prioritized list of policy gaps and concerns, which cannot be quickly resolved (intermediate term output),

c. I am not sure it is acceptable to revisit the feasibility of the 2020 goals??? Some of these may not be realistic since it is already 2016.

Thank you for the opportunity to provide comments.

Thank you for facilitating these activities.