

Notes from The Energy Efficiency Coordinating Committee Deep Dive Webinar on Residential Sector Chapters

10/25/2016 1:30-2:30PM

Facilitator/Notes: 2050 Partners, Inc.

Teleconference courtesy of ABAG

Meeting led by Jenny Berg, Mabell Paine, and Lisa Schmidt, Residential Subcommittee Co-Chairs

Facilitator summarized briefly the purpose of the meeting, the scope of CAEECC and led introductions of all participants.

Residential Subcommittee Co-Chairs – gave brief background on the development of the Business Plans and current point in the process. The deadline for comments is November 21. Meetings coming up include November 2 and 16th. A stakeholder comment template is posted on the CAEECC.org website. Let's start with MCE for a quick background.

MCE Rep -- Originally filed business plan in October 2015. It's been publicly available since then. On 18th of October submitted information on changes anticipated for Residential Sector including additional communities and strategy tables to make it more consistent with PA format that has been developed.

Co-Chair – This question probably applies to all of the PAs. It's a new process and a lot of work which shows. It would be very helpful if PAs could explain how the business plans will reside in the organization. How do you see this document changing going forward, how does it get support in the organization, and how is tracked over time?

MCE – focusing on global, cross sector approach...the idea of declining incentives. Single Point of Contact (SPOC) is also a key principle. We are focused on the customer journey and getting customers comfortable with how their project is going and being flexible and integrating a number of resources. Empower customers to be in control of their usage and stay current on novel DERs and other issues like safety. While we are transforming customers and being helpful and establishing relationships, the value of incentives will diminish. Our plan shows reducing incentives. As incentives decline, if we aren't seeing participation, then we would relook at business plan and reassess that fundamental logic and of course if legal changes come up (new decisions or new legislation), we would react to that.

Co-Chair – Thank you. One other piece I'm interested in is how the Plan fits in your organizations. Who is the owner and how bought in is organization to the plan?

Marin Clean Energy (MCE) -- we are a CCA [*Community Choice Aggregator*] and our Board has voted to approve the Business Plan (elected officials from each jurisdiction of our agency). So it

is very well supported. We have a customer programs team that is focused on this topic. I, Mike, am focused on the regulatory side of things. Also demonstrating support in meeting with communities at public meetings on business plan. We are a mission driven organization. We are committed to GHG reduction in part through energy efficiency [EE]. So EE is a big part of MCE's identity.

Co-Chair-- Moving to PG&E now

PA Rep—I'll respond to Jenny's question first. At PG&E the Business Plan was a collaborative effort between programs and policies teams and is supported at the VP level. In the Customer Energy Services area, we have designed the BP and interaction with people across the company and it has full support and it goes through full management review process like other key company documents. Five to ten year documents, such as this business plan, are necessarily overview, "north star" kind of documents. Things do change so it needs to be looked at as living document. It is a guiding document. It supports the Governor's climate goals. Proposal out now around using EE to replace resources. It's a good value for customers. It's all about leveraging market actors and strategies to allow scalability. Getting to scale is a big focus and reaching goals and effort to reach 14 million customers.

Co-Chair – How do you support the document?

PG&E Rep – We support the climate policy and CPUC goals, using DER to address non-over-wires issues. Proposed settlement for Diablo Canyon is a big factor going forward. Targeted DSM in resource constrained areas. Making sure that we are fully evaluating energy resources in those decisions so that we can include EE and other DER in those decisions. It's an organizational imperative to get it right. We are in an interesting position because we also focus on technical issues of grid and non-participants, too. Can't have an energy system that is unaffordable to big part of the customer base.

Comment – Tony Early, head of PG&E, is very committed to reducing climate impacts and PG&E was a representative of Paris climate discussion.

Co-Chair—Are there specific questions on PG&E's chapter.

ED Staff – lots of work gone on and that is reflected in good documents, but these are not complete. It would be good for PAs to share when they expect to have complete and final drafts.

Co-Chair – PAs are working on drop dead deadlines.

PGE Rep – PG&E included a Readme file which describes what isn't done yet. By mid-January it will be fully complete, but there will be more information in next couple of weeks about filling gaps and timing thereof. But the real program content is really there now. Let us know if we are providing a concrete strong vision. There is plenty there review now.

Question – Please talk about what is new that will change and catalyze Res Sector activity. And there are lots of mentions about GHG change...are there metrics around that?

Response – What’s changed at high level? We’re moving away from widget based world and looking at data at input and output of programs. At input, getting smarter about targeting customers better...chase the good opportunities. Leveraging the smart meter infrastructure for pay for performance approach. Enhances reliability and supports leveraging financing to achieve impacts.

Question – I have two questions. Re climate change indicators related to projected savings and goals, they are couched as Net but the decision says it should be net cumulative and all PAs should be positioned to provide net cumulative savings, as well, so why are you showing net cumulative. I don’t understand with the Business Plan where we would see the specification of the residential sector programs as we seen in 2017 budget advice letter.

Response – Are you referring to the IP?

Clarification of Question – do BPs describe actual programs?

Response – Not showing in the current draft. But we know how they link up and we could provide that.

Further response – there will be a chart that outlines the current programs, but we want to market to bring the new program solutions. As we progress through 2017 and 2018, we intend the Business Plans to inform new program design and will use CAEECC forum to work out new ideas. As part of CAEECC process we’ve struggled with what a BP should include. PAs two decisions ago are responsible for coming to CAEECC to present changes for the Advice letter.

Co-Chair – Don’t forget that the 2016 advice letter was filed before BPs were done. This is a topic more for CAEECC meeting.

Comment – thanks to PG&E for a high quality chapter.

Co-Chair – moving to BayREN.

BayREN rep -- BayREN submitted its voluntary chapter and receive lots of information back from stakeholders. BayREN regrouped and reorganized their chapters quite a bit as a result, especially with the single family elements. Changes are in new draft and there are some placeholders pending completion, including budgets and metrics. We are continuously working on this. Should be much more filled in around November.

BayREN rep– Hoping to have it “done, done” by then, Thanks.

ED Staff Question – From the voluntary draft, the targets have been revised downward. I’m curious what went into original targets and how did you decide to scale things back.

Response – We were going to focus on Energy Upgrade program, but stakeholder feedback supported keeping that program and needing to make a customer journey focused program to really work with customers to get savings over time rather than all at once. So instead of an

upfront push, go slower and get deeper savings from customers over time. This delivers initial savings a bit slower, in favor of going deeper over time.

Further response – Also we are going to focus on broader range, especially the mid-range homeowners. We listened really hard to feedback and did a complete turn on thinking in the sector. You will see that for single family especially they have made significant changes. There are therefore still some holes as we continue to work on this revision but the team is working quickly to finalize.

Co-Chair – Three Country REN. Can you please tell us what your plans are?

3CREN rep – We are new to this space and being a REN. Our proposal is very specific to residential EE programming. All of counties do currently implement an EE program targeting Res Sector called “Empower”. I will spare you the details, but the program was started in 2012/13 out of ARRA Era and has been set up very specifically as a financing program. That program has been very successful in terms of building out its’ brand recognition. It utilizes loan loss reserve financing. It has grown the certified and engaged contractor base to 0 to three dozen. The program has big savings in the participating projects. Success and performance has been pinned to the number of loans and loan volume. The program has not performed well in that metric. Financing is not a silver bullet. Despite efforts in last three years to get scope changes from funders to build out program to make more robust, we have not been able to do that successfully. So for 2018 we are proposing to create a REN focusing on building out old Empower programs, including many changes we requested and didn’t get and looking at recent legislative changes that others are also responding to. Eager to include more robust data collection reporting platform. Integrates pilots, PACE and to increase financing including other financing programs. Have been successful with PACE and getting data. Going to Pay for Performance approach and behavioral programs. Lots of support for bundling building departments. T-24 compliance tools, web support and other support. Have challenges with overlaps and confusion with other 3d Party programs and Low Income program. Lots of confusion. So they want to be single point of contact for all residential programs. Want to have lots of project retrofit quality assurance. Implementing DOE home Energy Score.

Question – Is this REN established or proposed?

Response – We are in SCE, SCG and PG&E service territory. They were funding this program. We’re building on that and intending to go into business on 2018. *[Pixelated voice issues over phone lines. Lost several comments]* All local government partnership for non-res will be maintained separately.

ED Staff – In proposal plan there are a number of *(Pixelated voice issues over phone lines. Lost several comments – Co-chair expressed concern about inaudible comments)* Said he would send in written comments. Question included need to have data to support problem statement.

3CREN Response – *[garbled comments]* He invited people out to his counties to visit the terrain to see the difficulties faced. We don’t have the data to substantiate the claim.

Co-Chair – Many reviewers were commenting that there doesn't appear to be much back up for claims in the PA res chapters and that this information can be difficult to produce.

Co-Chair --SoCalGas Company. Any stakeholder questions on their chapter?

[No questions voiced.]

Co-Chair– Let's got to some of the general questions. When will the draft chapters be filled in?

SCG Rep – We don't have a date yet for that but will update stakeholders when we have a better idea.

Co-Chair – This is a long term business plan; things will change over the time. How does it reside in the organization to keep document alive?

SCG Rep – For this chapter in our business plans we are detailing proposed approaches in Res Sector. The programs are not identified in chapter but the strategies are discussed. Res sector is a high priority for SoCalGas. Would love to hear feedback on initial approaches and any others ideas. We are open to that. Want to include all potential for EE. Keeping metrics flexible so that we can pivot program activities as needed to ensure successful outcome. Flexibility to do new approaches is key. Want to have ability to try new things and see which way things go. Trying to reflect that in the business plan. Need to be agile.

Question – What in your plan is really changing the dynamic going forward?

Response – Some of the things that change are the use of customer analytics from new meters to target customers and develop programs with unique offerings to be fleshed out in 2017. Looking at pay for performance, NMEC, and of course third party programs that will come from independent implementers.

Further Response – We are working with municipalities and other muni utilities. Good success such as with Burbank, LADWP and leveraging retail partners to increase messaging to customers and shared implementation with SCE. Looking at what they have done and figuring out how to further leverage those organizations.

SoCalREN Response – We are focused on leveraging the resources that local governments can bring to bear. Our building block for ZNE communities, driving programs, delivering an education program to communities, developing regional energy master plans and model energy codes and policy. This would cover all building sectors. It's really a building community program that addresses all sectors. So really a residential chapter is just a part of that grander vision. Includes participating in DR resources, RFOs from load serving entities...it goes well beyond EE Portfolio. But year one numbers will recognize the world that we operate in in EE. We talk about our residential programs in our Public Sector chapter. The residential plan will be done early next week probably. What we will do on the residential sector is a larger ZNE program and it focuses on PACE. Market research shows that PACE is what people want so that they will orient their residential programs. Energy Atlas has unprecedented data on res

customer usage. Grants for benchmarking and report are additional strategies. Workforce education and training, too. Will utilize lots of government resources to do training. A single program run by local government using local government resources and all the sector chapters are going to be rolled into that. We could have segmented it but are really trying to drive the message that this is a bigger way to look at the program.

[SDG&E Reps introduce their team.]

Co-Chairs – We’re opening things up to all of the stakeholders.

Question – No reference to local government as a resource tool for residential sector. If you missed it, please note that they can play a significant role in the residential sector.

Response – Agrees that local government is very key to reaching residential customer.

Leadership, public sector customers and private sector. That discussion is all in the public sector chapter rather than in the other sector chapters.

Further response -- We have built up a new team structure as part of this process that will continue to work on the Business Plan implementation. They will continue to watch what is working and what isn’t working and will revise or remove things that stop working. The ink will never be dry because customer and market needs are always changing.

Further response -- Tried to look at past present and future of programs. Where have we been successful, where have we fallen down? Where we think the market is indicating changes, we’ll take cues from the market and legislation. That responsiveness is woven throughout our documents.

Further response -- Plug loads will continue to grow. And Home Energy Management system is coming along...how do we dive into HEMs to help customers deal with their energy use. How do we look at customers more individually? We want to look across DERs to help customers move along on their journey. Need to create awareness. Behavior programs are great for that, perhaps using _____? platform, and match it with customer data.

SCE Rep – Can’t give a summary of the Chapter. They are focused on delivery this Friday for that chapter. Thanks to stakeholders for comments taken to date and they have used that input. Looking at procurement processes to get programs designed by 3rd party in line with CPUC guidance. Looking at pay for performance as key strategy.

Question – Curious about climate and GHG impacts...are those going to be a metric? Cost effectiveness is difficult in the residential sector, but moving to integrated approach has been suggested. How do we deal with cost effectiveness in that integrated context?

MCE Response – regarding the carbon question. GHG is part of the mission statement. So it is key for us. We are pushing for GHG benefits to be in Societal Cost test. That is happening in the IDER proceeding. MCE is hoping that the final CE metric will include more value for GHG.

PG&E Rep – The current cost effectiveness test is a challenge because of the incremental costs and many of the residential program are capturing full costs. It is really a challenge. If the

Societal Cost Test isn't adopted, as a group of stakeholders, we really need to tackle the flaws in the current C/E test. There is the PAC test, for example. As a stakeholder group we need to figure out how to reduce the IMCs and capture all the non-energy benefits. Ralph Prael and Cathy Fogel comments on Market Transformation are being considered. If we are going to support that Market Transformation direction it has lots of front loaded costs. It's a good deal but the results aren't immediate.

Comment – In whole home and retrofit we need to back out some of the costs instead of capturing all the costs and just some of the benefits. E.g. back out 25% of total costs. That idea got lost or diverted within Energy Division. Backing out costs seems like the easiest approach. They start addressing other matters such as front loading Market Transformation costs.

PG&E Rep – I just want to point out that we were all excited about AB802 opportunities but including total measure costs as part of that approach may not allow us to realize lower program costs.

3CREN Rep -- I agree with these comments and see a direct connection between GHG and TRC metric. While it is particularly significant issue for residential sector it affects all sectors and all programming.

Co-Chair – General question for all of PAs. Most documents don't include metric values yet. What is the plan for adding those in? The actual numbers aren't there even if the tables are set up.

SDG&E Rep – only speaking for SDG&E, we are working frantically on these but are working closely with EM&V teams to get them into whatever next draft is.

PG&E Rep – Our team is working frantically, as well. There are a lot of changes. We have to get comfortable with numbers that go out over ten years. It's a big effort, but we'll get them in there. We are very data driven in our approach to portfolio management.

SDG&E Rep – The review process is an opportunity to get feedback. Some of the reason you are seeing missing things is that we really wanted to focus on strategy so that people could comment on that as the priority.

PG&E Rep – metrics and cost effectiveness are tied together. Don't want to overpromise if savings are going to be cost effective. There are things we can do to increase cost effectiveness such as targeting with AMI data without otherwise changing program. Increased focus on behavior and thermostat programs may help. If you don't solve the full measure cost problem, you won't really open up the market for big participation.

SoCalGas Rep – Our chapter includes metrics. What we are missing is forecasted program impacts. Those are yet to be determined. Would really appreciate stakeholder feedback on metrics proposed. Are they ambitious enough are they right metrics for measuring output.

Comment – for all PAs, in regards to statewide MEO efforts there are millions of dollars in funding. We would like to see a thorough job of integrating PA chapter discussions of marketing with MEO programs. The Statewide MEO effort is a lot of money and so it needs to be addressed to make sure the PA’s integration approach is clear and waste is avoided.

[Meeting wrap up.]