

Date: September 26, 2016 at 2:42 PM

Subject: CAEECC: TURN Comments on Proposed Statewide PA Assignments

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TURN offers the following comments on the "Lead Statewide Program Administration: Midstream and Upstream Programs" proposal presented by the PAs last week.

The PAs have proposed to make PG&E the statewide administrator of the Plug Load and Appliances (PLA) program, SDG&E the statewide administrator of the Residential and Commercial HVAC up/midstream programs, and to divide statewide administration of the Lighting program among SDG&E and SCE. TURN opposes the proposal to assign PLA, HVAC, and Lighting upstream and midstream programs to different statewide administrators because it forecloses the opportunity to reduce redundancies and increase economies of scale and scope by integrating interventions across different end uses with the same up/midstream market actors.

Having all of these up/midstream programs under the purview of the same statewide administrator would allow that administrator to take a broader view than currently possible with California's siloed program structure, which the PAs' proposal would perpetuate. A single administrator could (and should) conduct a comprehensive analysis of the end uses and market actors currently being targeted through existing single PA contracts with manufacturers, distributors, and retailers, in search of optimization opportunities. By optimization, we mean opportunities to consolidate existing contracts to cover a broader array of technologies (e.g., PLA, HVAC, and/or Lighting), opportunities to leverage supply chain contracts across these technologies and add other relevant technologies, and opportunities to work with all elements of the supply chain to accelerate the diffusion of cost-effective EE gas and electric end use technologies. Additionally, the up/midstream statewide administrator would be well-positioned to work with similar regional or national market transformation initiatives to further expand the impact, and cost-effectiveness of, California's own interventions.

The Commission in D.16-08-019 (at p. 66) encouraged the PAs to undertake this bottoms-up review before proposing to carry forward the existing configuration of separate statewide programs and subprograms. TURN submits that without it, the PAs are neglecting an important opportunity to reduce avoidable administrative costs and expand the impact of ratepayer funded up/midstream EE interventions. Increasing the cost-effectiveness of up/midstream statewide interventions would help to address the challenges facing all of the PAs in designing cost-effective portfolios and would create more breathing room (in a cost-effectiveness sense) for downstream, customer- and site-specific interventions.

TURN appreciates that aligning the up/midstream statewide interventions under a single statewide administrator will no doubt create the discomfort that serious change always presents. But a desire to avoid the discomfort of change does not justify continued inefficiencies and forgoing opportunities for improved portfolio performance. As such, TURN

urges the PAs to embrace the opportunities at hand and reconsider their proposed statewide administrator assignments, particularly as far as PLA, HVAC, and Lighting up/midstream programs are concerned. These up/midstream interventions should be assigned to a single statewide administrator to promote market transformation as strategically and efficiently as possible.

TURN appreciates the opportunity to provide early feedback on this critical element of the forthcoming EE Business Plans.

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