

To: CAEECC Facilitators

From: Donald Gilligan, NAESCO

Re: NAESCO Comments on Leads for Statewide Programs

Date: October 26, 2016

NAESCO is pleased to submit these comments on the California Investor Owned Utility (IOU) proposals on leads for statewide programs, as directed by D.16-08-019. NAESCO appreciates the opportunity to provide input on the IOUs' proposal. We commend the CAEECC facilitators for their diligence in seeking feedback from stakeholders, because we think that it will take the collaborative best efforts of all interested stakeholders for the next generation of California EE programs to achieve the ambitious goals mandated by the legislature and by longstanding state policy.

New Proposal Does Not Represent Collaboration

On September 20th, 2016, the IOUs presented their initial proposal on administration of statewide programs. They received thoughtful feedback from a number of parties soon thereafter, and recently proposed a modified set of proposed statewide leads. Unfortunately, their recent proposal does not represent the collaboration that we think is required, because it ignores the helpful feedback from CAEECC members.

No Analysis of the Selection of Leads

As ORA noted in its September 26th comments, the IOUs presentation of their proposed statewide leads provided no analysis as to how the IOUs came to the conclusions regarding their proposed "best" leads. The latest submission suffers from the same flaw. NAESCO believes that the IOUs must provide an analysis based on objective criteria, based on a methodology vetted by the CAEECC, and actual data as to why the IOUs are proposing leads for the various statewide programs. Without the appropriate leads for each programs, costs will increase and statewide program uptake will not reach its potential.

Upstream and Midstream Leads

As NRDC noted in its comments on the original proposal, since many actors in the upstream and midstream programs are the same, and because upstream and midstream approaches are often similar, upstream and midstream programs (e.g., lighting and HVAC) should be paired together and administered by the same administrator.

TURN makes a similar point in its comments on September 26th:

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.

ORA agrees with both NRDC and TURN on the need for groupings that will achieve economies of scope. NAESCO suggests that, at a minimum, the IOUs present an alternative for statewide leads that reflects the suggestions of NRDC, TURN and ORA on upstream and midstream programs.

Residential Appliance Lead

With respect to the IOUs latest proposal, NAESCO does not support giving residential appliances and plug loads to a gas utility, SoCal Gas. It makes much more sense for this statewide program to be administered by a dual fuel utility.

Emerging Technology Lead

Also, the IOUs propose splitting Emerging Technologies (ET) into two statewide programs, one for electric and one for gas. This is inconsistent with the direction of D. 16-08-019, which identified only one statewide ET program. The IOUs should propose a lead for a single statewide ET program.

Next Steps

The IOUs should develop a methodology for choosing statewide leads, including principles and objective criteria for lead selection. NAESCO suggests that two criteria that should be included are: (1) achieving economies of scope, as described above; and (2) a history of proven success with a type of program. The IOUs should present their principles and criteria to the CAEECC for feedback and suggestions, adopt a rigorous process for lead selection, and present an analytically-based proposal to the CAEECC by the end of November.