BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Draft Resolution E-5350 DEER2026 Update Draft.	Rulemaking 13-11-005 Resolution E-5350

COMMENTS FROM LOCAL GOVERNMENT SUSTAINABLE ENRGY COALITION (LGSEC) ON RESOLUTION E-5350 DEER2026 UPDATE DRAFT

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December 4, 2024

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The Local Government Sustainable Energy Coalition (LGSEC) thanks the CPUC for the opportunity to comment on draft Resolution E-5350.

Finding orders 2, 3 and 4 refer to the LGSEC as part of the list of Portfolio Administrators mandated to comply with the resolution. LGSEC is a statewide membership network representing local government interests related to clean energy and climate resilience to state regulatory agencies. LGSEC requests the Commission update Resolution Orders 2, 3, and 4 to remove reference to LGSEC, as it is not a portfolio administrator and has no responsibility for implementation and reporting activities of ratepayer funded energy efficiency programs.

LGSEC also reiterates the concerns raised in our August 15th comments regarding hard-to-reach (HTR) net-to-gross (NTG) ratios for direct installation activities. In those comments, the LGSEC stated, "proposed modifications to HTR Net to Gross (NTG) incentives are based on a less than robust, non-representative study, which does not provide an adequate analytical basis to support the identified changes. The resulting alterations to the HTR NTG ratios could deliver outcomes that are contrary to the Environmental and Social Justice Action Plan."

We appreciate the attention that the Commission has given to HTR customers, and that DNV has provided research to inform us about this matter. The draft Resolution referenced DNV study (GROUP A, Forward Looking Research: Cross-Program Net-to-Gross Ratios for Hard-to-Reach Customers of Downstream Programs, CPUC CALMAC ID: CPU0379.01, August 23, 2024) is not persuasive. We continue to express concern that a statistical analysis on a sample of only 10 HTR commercial customers, partly collected during the COVID 19 pandemic, is not an appropriate basis for making a data-informed policy decision. Therefore, the LGSEC continues to be concerned about the draft Resolution proposal to modify HTR NTG ratios, and reiterates our recommendation from our August 15 comments that,

"the CPUC delay altering the HTR NTG ratio until a statistically valid and reliable study can be conducted and potential equity impacts from possible modifications are adequately understood. This should include analyses of HTR customer participation rates and savings levels and an assessment of the implications that a HTR NTG ratio alteration would have on HTR customer engagement in direct install programs."

Dated: December 4, 2024

Respectfully Submitted,

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December 4, 2024

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Subject: Comments of Willdan on Draft Resolution E-5350

Dear Energy Division Tariff Unit:

Pursuant to Rule 14.5 of the California Public Utilities Commission Rules of Practice and Procedure, Willdan hereby submits the following comments on Draft Resolution E-5350 approving the Database for Energy-Efficient Resources Updates for Program Year 2026-2027 and revised version for Program Years 2025 and 2024.

Accelerated Commercial Measure Useful Life Improvements

Willdan appreciates the CPUC accelerating effective useful life (EUL) improvements. Updates to EULs will support increased cost-effectiveness and the market's ability to serve ratepayers.

Hard-to-Reach (HTR) Commercial Net-To-Gross Ratios (NTGR)

The Commercial Direct Install (CDI)[1] results for the Group A Forward Looking Research: Cross-Program Net-to-Gross Ratios for Hard-to-Reach Customers of Downstream Programs (HTR NTGR Study), should be considered statistically inconclusive.

We provide the following for your consideration.

1. *Relative precision is outside of the targeted +10%*

[1] https://pda.energydataweb.com/api/view/4023/GroupA-FLR_NTGR-for-HTR-Customers-Downstream-Final_2024-08-23.pdf

The DEER2026 Scoping Document notes that, "For commercial participants, the results were less conclusive and had relative precision results that were outside of the targeted ±10% threshold."[2]

The Table 1-1 sub note on page 2 of the HTR NTGR Study states that the commercial NTGR relative precision exceeds the 10% target due to the small sample size. Furthermore, on page 15, the authors note that relative precision for each NTGR estimate is a critical step "…as it ensures the reliability and accuracy of our NTGR calculations, providing a robust foundation for subsequent analysis and decision-making."

2. *Sampling errors cannot be ruled out*

The HTR NTGR Study authors note on page 15 that sampling was done without regard to HTR status and that led to no control over precision values.

The adjusted HTR sample size of 12 participants along with the sampling methodology introduces a reasonable possibility that sampling error, or errors arising when a survey sample does not accurately represent the population groups being researched, are biasing the results.

3. *The HTR NTGR Study NTGR findings are inconsistent with recent research*

The Third-Party Commercial Programs Impact Evaluation, Program Year 2022 Report notes[3] in Table 4-6 that the *overall* evaluated NTGR for:

- Electric Energy measures are 97%,
- Electric Demand measures are 96%, and
- Gas Energy measures are 98%.

Furthermore, Table 4-6 presents *overall* relative precision rates less than ± 10% with a 90% confidence interval:

- Electric Energy measures are ± 4.0%,
- Electric Demand measures are ± 5.5%, and
- Gas Energy measures are ± 0.6%.

The 2022 third-party commercial program's evaluated NTGRs are significantly different, and fall outside of the error bars presented, as compared to the Group A Forward Looking

[2] https://pda.energydataweb.com/api/view/4015/DEER2026%20Scoping%20Document%20-%202024-08-01.pdf
[3] https://pda.energydataweb.com/#!/documents/3992/view

Research: Cross-Program Net-to-Gross Ratios for Hard-to-Reach Customers study Figure 1-1.

4. *The HTR NTGR Study's CDI statistical tests cannot be considered valid and reliable*

The relative precision, the inability to rule out sampling error, and incongruent findings as compared to the Third-Party Commercial Programs Impact Evaluation, Program Year 2022 Report support the conclusion that the CDI findings are statistically unreliable.

Any statistically significant inference from the existing data, albeit possible, should not be seen as valid and reliable in representing the population of HTR CDI participants therefore the results must be considered inconclusive.

Recommendations

Willdan recommends Draft Resolution E-5350 incorporate one of the two recommendations noted below to address HTR CDI NTGRs.

1. Adopt an evaluated NTGR presented in the Third-Party Commercial Programs Impact Evaluation, Program Year 2022 Report and alter section 3.3.1 (L.1) in the Draft Resolution Attachment A**;** update language in the Draft Resolution to be consistent.

Effective Program Year: 2026. Resolution E-5221 required research to determine whether there was evidence for having different default net-to-gross ratios (NTGRs) for HTR and non-HTR customers participating in direct install and downstream programs. The results of the study found insufficient evidence to support having different NTGRs for participants in ~~either~~ residential ~~or commercial~~ direct install programs. For residential participants—both HTR and non-HTR—the NTGR was 0.89 and 0.87, respectively.~~; for commercial participants, these were 0.65 and 0.71, respectively~~. No statistically significant difference was found between these ~~pairs of~~ results. For commercial participants, the results were less conclusive and had relative precision results that were outside the targeted ±10%. *Findings for CDI programs were statistically inconclusive. Moreover, we find that the Third-Party Commercial Programs Impact Evaluation, Program Year 2022 Report are conclusive.*

We recommend updating all commercial NTGRs in Table A-3-4 in Attachment A to 0.97 based on the results of the Third-Party Commercial Programs Impact Evaluation, Program Year 2022 Report. NTGRs can then be evaluated in the ex-post process.

2. Determine the CDI NTGR results inconclusive and make the following alterations to E-5350 in section 3.3.1 (L.1) in the Draft Resolution Attachment A**;** update language in the Draft Resolution to be consistent.

Effective Program Year: 2026. Resolution E-5221 required research to determine whether there was evidence for having different default net-to-gross ratios (NTGRs) for HTR and non-HTR customers participating in direct install and downstream programs. The results of the study found insufficient evidence to support having different NTGRs for participants in ~~either~~ residential ~~or commercial~~ direct install programs. For residential participants—both HTR and non-HTR—the NTGR was 0.89 and 0.87, respectively.~~; for commercial participants, these were 0.65 and 0.71, respectively~~. No statistically significant difference was found between these ~~pairs of~~ results. For commercial participants, the results were less conclusive and had relative precision results that were outside the targeted ±10%. *Findings for commercial direct install programs were statistically inconclusive and will not be altered until conclusive data can be reviewed*.

We recommend removing commercial NTGR alterations from Table A-3-4.

We further recommend that research is commissioned to study commercial HTR direct install NTGRs to ensure that:

- Relative precision and confidence intervals are met to ensure that there is a robust foundation for subsequent statistical tests, inferences, and policy recommendations.
- The study assesses whether HTR customers have equitable access to energy efficiency programs prior to the removal of key regulatory interventions.
- NTG values reflect the current third-party designed and implemented market and that differences in NTGR values between studies are reconciled.

Willdan appreciates the Energy Division's consideration of our comments.

Respectfully submitted,

/s/ Lou Jacobson

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