

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
CALIFORNIA**

Order Instituting Rulemaking Concerning
Energy Efficiency Rolling Portfolios,
Policies, Programs, Evaluation, and Related
Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

**COMMENTS OF THE COUNTY OF LOS ANGELES,
ON BEHALF OF THE SOUTHERN CALIFORNIA REGIONAL ENERGY
NETWORK (CPUC #940), ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENT ON MARKET TRANSFORMATION WORKING
GROUP REPORT**

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For the Southern California Regional
Energy Network

May 6, 2019

I. INTRODUCTION

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission's ("Commission") and in response to the *Administrative Law Judge's Ruling Seeking Comment on the Market Transformation Working Group Report* ("Ruling") dated May 6, 2019, the County of Los Angeles, on behalf of the Southern California Regional Energy Network (SoCalREN), respectfully submits these comments in response to the ruling and the questions for parties offered in the ruling.

II. RESPONSES TO QUESTIONS REGARDING THE MARKET TRANSFORMATION WORKING GROUP REPORT

SoCalREN supports the Commission's ongoing efforts to create a new framework for innovative policies such as market transformation. SoCalREN has supported ongoing development of a proposed market transformation framework through its CAEECC membership and participation in the Market Transformation Working Group (MTWG). SoCalREN responds to various general questions on the MTWG Report in the Ruling¹ as follows:

1. Please comment on the overall energy efficiency market transformation framework suggested in Attachment A and other consensus recommendations in the report. Should the Commission adopt this framework? Why or why not?

The SoCalREN supports the MTWG Report and most of the recommendations provided in the report. SoCalREN has been an active participant in the MTWG. The Commission should adopt the consensus recommendations provided in the MTWG Report on market transformation.

3. Comment specifically on your preferred resolution of the first non-consensus issue identified in Attachment A (see pages 24-31) with respect to the appropriate choice for Market Transformation Administrator. Parties may also propose other alternatives, if there are administrative models that were not discussed in the report, but should be considered.

The SoCalREN supports the MTWG Report Market Transformation Administrator model that reflects existing energy efficiency (EE) Program Administrators (PAs) as sole administrators for authorized market transformation proposals. As mentioned in the MTWG Report, existing PAs are naturally positioned to cultivate Market Transformation Initiatives (MTIs) that complement the broader EE Portfolio already established in existing PA portfolios. In addition, existing PAs already

¹ See Ruling, pp.3-4.

have the necessary infrastructure and economies scale to administer all the necessary elements that accompany program administration, such as the administration of EM&V studies, Workforce Education and Training (WE&T), and Normalized Metered Energy Consumption (NMEC) platforms. Most importantly existing PAs have savings and cost-effective reporting structures in place, extensive engineering and marketing resources, and associated customer communications, all of which can be potentially utilized for holistic MTIs. Additionally, the Commission has well established regulatory frameworks and oversight procedures on existing PAs EE portfolios.

Creating a new Single Independent Statewide Administrator model would not only cause additional undue administration cost burden in the State's EE portfolio but would also set an additional precedent that could further fragment the well-defined Commission EE portfolio framework. Accountability and responsibility to the objectives set out for energy efficiency portfolios must remain intact so that programs can continue to thrive over the long-term. Introducing a Statewide administrator would only cause additional costs in oversight, management and coordination. Existing PAs already have key coordination protocols in place so that programs can work seamlessly not only regionally but statewide and have already established key industry relationships that have been cultivated to implement initiatives quickly and cost-efficiently. Adding an additional model would only cause redundancies and inefficiencies in the existing Commission authorized PA framework.

The SoCalREN urges the Commission to adopt the MTWG Report "option 1: Administration by the Existing Program Administrators."

4. Comment specifically on your preferred resolution of the second non-consensus issue identified in Attachment A (see pages 36-38) with respect to the cost-effectiveness threshold that should be required for market transformation initiatives? Parties may also propose other alternatives.

As stated in the question above, SoCalREN does not recommend the Commission adopt a single Independent Statewide Administrator model for the administration of market transformation initiatives.

6. Should a budget allocation to market transformation be incremental to the rolling portfolio budgets, or should a portion of the energy efficiency rolling portfolio budgets be redirected to market transformation? Why?

Yes, SoCalREN believes that given the strategies and tactics for most of the rolling portfolio business plan budgets have already been pre-allocated throughout PAs portfolios it is necessary that

a budget allocation to market transformation be incremental. This is also in alignment with staff’s original proposal which allocated funding and oversight of Market Transformation Initiatives separate from the Energy Efficiency Business Plans and Rolling Portfolio.² This incremental budget will also allow for successful frameworks to be integrated into PAs Energy Efficiency Business Plans concurrent with a Business Plan refiling.³

7. How much should the initial funding allocation be for market transformation, and for what duration?

Similar to MTWG Report, SoCalREN believes that budgets associated with MTIs should not be predetermined, but instead be based on each individual initiative’s scope and need. The budget should then be secured to ensure consistency and be set to a multi-year not-to-exceed budget for a defined number of years. The budget should be incremental to the currently authorized budget levels within the EE Rolling Portfolios. Budget authorization and oversight could occur, just as proposed in the MTWG Report, under each phase of the MT process, and each stage-gate would serve as a checkpoint for further funding authorization via a Tier II Advice Letter. This process would ensure that only what is needed is funded and that the Commission has continued budget oversight over the entire MT process.

III. CONCLUSION

SoCalREN appreciates the opportunity to provide comments on the MTWG Report and recommends that the Commission adopt “Option 1: Administration by the Existing PAs” model proposed in the MTWG Report.

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Respectfully Submitted,

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² ALJ Market Transformation Ruling- Staff Proposal, issued August 29, 2018. p. 11-12.

³ *Ibid.*

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