

**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

**COMMENTS OF CLEAResult ON  
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT  
ON MARKET TRANSFORMATION WORKING GROUP REPORT**

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ON MARKET TRANSFORMATION WORKING GROUP REPORT**

**I. INTRODUCTION**

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”), CLEARresult Consulting Inc. (“CLEARresult”) hereby submits its comments on the *Administrative Law Judge’s Ruling Seeking Comment on Market Transformation Working Group Report* issued April 10, 2019. CLEARresult greatly appreciates the opportunity that the Commission and its staff have given stakeholders to submit multiple comments on the key issues in this proceeding.

**II. CLEARRESULT**

CLEARresult is the largest company dedicated to providing energy efficiency and other demand-side management programs in North America. With over 2,500 staff delivering over 600 active programs to more than 200 utilities across 42 states and Canadian provinces, CLEARresult helps utilities process over 50 million customer applications annually working with a network of over 30,000 contractors. In 2018 alone, CLEARresult programs helped utilities and their

customers save over 5,200 GWh and 68 million therms, resulting in customer energy cost savings of over \$681MM.

With California offices located in Burlingame, Oakland, Los Angeles, and San Diego, and a distributed field and support team across the state, CLEAResult has an active team of over 80 California staff running over 50 programs supported by functional and technical expertise from across the country. CLEAResult provides program design, implementation, technical support, engineering, marketing, outreach, training, and incentive services to most of the utilities (both investor owned and publicly owned) in California across the commercial, residential, industrial, agricultural, and public sectors and in workforce education and training, and in emerging technologies.

Finally, CLEAResult is a founding and sustaining member of the California Energy Efficiency and Demand Management Council and a member of the Leadership Council of Advanced Energy Economy.

### **III. GENERAL COMMENTS**

CLEAResult supports the proposed framework for market transformation initiatives that was developed by a working group of the California Energy Efficiency Coordinating Committee (CAEECC) and submitted via a motion by the Natural Resources Defense Council (NRDC) on March 19, 2019. CLEAResult participated in this working group and appreciates the opportunity to leverage its insights and experience from other regions to inform California's approach. Accordingly, it recommends leveraging this process for future stakeholder engagement efforts as it encourages diverse perspectives to inform and reach a balanced outcome. Therefore, we recommend adoption of the framework as it represents a consensus based on the collective expertise of industry group members and experts from across the country.

Expeditious adoption of this framework is critical to allow market transformation efforts to be designed and implemented and to avoid further stakeholder distraction from the Third Party solicitations. Market transformation should be one, of several, energy efficiency intervention strategies available to Third Party implementers to help advance energy efficiency and meet the state's ambitious targets. And in order to be successful, market transformation must be coordinated with, and considerate of resource acquisition efforts planned or underway. This is critical to avoid market confusion and protect investments of Third Parties implementers, such as CLEAResult, who are taking on increasing risk through the transitions of the Investor Owned Utilities (IOUs) portfolios. Therefore, we recommend transparency in the process for soliciting, vetting and implementing market transformation initiatives to ensure they are executed in conjunction with other market activities to maximize benefits and minimize unintended conflicts.

#### **IV. QUESTIONS FOR PARTIES**

The Ruling seeks input from Parties on a series of questions, please find below

CLEAResult's responses to select questions:

- **Question 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?**

CLEAResult commends the collaboration between members of the working group and recommends that the consensus recommendations in the report be adopted.

- **Question 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.**

CLEAResult recommends the adoption of *Option 1: 1.25 Total Resource Cost Test/Program Administrator Cost Test* at a maximum. While CLEAResult, in general, disagrees with the application of the TRC to energy efficiency portfolios as the sole measurement of success, as it disincentives private investment, and believes 1.25 is an unfounded threshold, that limits innovation and achievement of state policy goals, the recommendation is consistent with how other aspects of the energy efficiency portfolio are measured and should be applied here. Adjustments over time should be made in alignment with the rest of the energy efficiency portfolio, if and when changes are made to that cost effectiveness framework.

- **Question 8: How should the coordination between resource programs and market transformation initiatives be managed? a. Would a cooperation agreement between market transformation initiatives and resource programs be useful? b. What should be the required and modifiable terms of such an agreement?**

Coordination between resource programs and market transformation initiatives is crucial to the success of both. It is imperative that the upcoming, and long awaited, solicitations expanding the funding for programs designed and implemented by Third Parties are allowed to occur without disruption. Also, Third Party investments made

through these new offerings should be protected if a proposed market transformation initiative targets the same market(s) to limit risk and costs to the new IOU portfolios.

Transparency and stakeholder engagement in the process for selecting market transformation programs will allow for identification of potential conflicts or overlaps. When such an issue is identified, the two program implementers should be required to coordinate with one another to find a mutually agreeable solution or transition. If agreement is not achievable, there should be a pre-defined arbitration process to help reach a path forward. However, that determination should not include early closing of a program or ending of a contract without the agreement of the Third Party implementer.

**V. CONCLUSION**

CLEAResult appreciates CAEECC's approach to stakeholder engagement and the Commission's continued allowance for stakeholder engagement in the development of a market transformation framework. We encourage the Commission to act swiftly to adopt the proposed framework and enable the applicable entity(s) to move forward with establishing a process for identifying and commencing market transformation efforts in order to help the state meet its ambitious energy efficiency targets.

Respectfully submitted,

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