



JF2/rp4 7/9/2018

**FILED**  
07/09/18  
03:00 PM

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

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.

Application 17-01-013

And Related Matters.

Application 17-01-014  
Application 17-01-015  
Application 17-01-016  
Application 17-01-017

**ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON  
WORKFORCE QUALITY REQUIREMENTS FOR ENERGY EFFICIENCY  
BUSINESS PLAN PORTFOLIOS**

**Summary**

This ruling emanates from Decisions (D.) 18-05-041 and D.18-01-004 which addressed certain workforce quality installation requirements for the energy efficiency business plan portfolios and for third parties participating in program design and implementation.

This ruling invites interested parties to file comments in response to: 1) the proposed workforce quality installation requirements contained in Section 2 of this ruling, and 2) a set of questions related to the proposed requirements contained in Section 3 of this ruling. Comments are due by no later than July 30, 2018, with reply comments due by no later than August 10, 2018.

## **1. Background**

The Commission has had an interest in workforce requirements for energy efficiency programs and projects for many years. Decision (D.) 12-11-015 required the investor-owned utilities (IOUs) to develop a greater focus in the workforce, education, and training (WE&T) area. Emerging from that effort was a study related to the relationship between utility energy efficiency programs and the impact on workforce issues that was conducted by Don Vial Center for Labor Research and Education at UC Berkeley.<sup>1</sup> Results of the study have filtered through into improvements to the WE&T program area approaches of the IOUs and other program administrators in the past several years.

More recently, D.18-01-004 asked the utility program administrators to propose workforce quality requirements for third party contracts required as a result of that decision. The decision declined to adopt specific requirements in favor of seeing what the IOUs proposed in standard contract terms and also evaluating the options for the overall energy efficiency portfolios more generally.

On March 19, 2018, the IOUs filed a joint motion for approval of proposed standard third-party contract terms, which included issues related to workforce quality requirements as modifiable terms to be brought forward by the third parties, as they deem appropriate for their specific program proposals.

Subsequently, the Commission adopted D.18-05-041, addressing requirements for the business plans of the IOUs, the regional energy networks (RENs), and Marin Clean Energy (MCE). When the proposed decision was originally issued for comments, it included two sets of proposed mandatory workforce quality standards, as follows:

---

<sup>1</sup> Available at: <http://laborcenter.berkeley.edu/workforce-issues-and-energy-efficiency-programs-a-plan-for-californias-utilities/>

- All downstream or midstream heating, ventilation and air conditioning (HVAC) energy efficiency measures installed, subsidized, or paid for out of a PA's energy efficiency program portfolio shall be installed by journeymen<sup>2</sup> with five or more years of experience or apprentices currently enrolled in or having completed a federal or California state apprenticeship program.
- All downstream and midstream advanced lighting control installation, modification, or maintenance measures installed, subsidized or paid for under a PA's energy efficiency portfolio shall be installed by workers that have been certified by the California Advanced Lighting Controls Training Program (CALCTP).

Numerous parties commented on the workforce quality standards that would have been mandated in the proposed decision for HVAC and lighting projects, requesting that those standards not be mandatory in all instances. The requirements were removed from the final version of D.18-05-041, with a commitment to issue this ruling to seek further input from parties about the appropriate applicability of workforce quality standards.

It should also be noted that these standards are being discussed in advance of a provision included in Senate Bill (SB) 350 (DeLeon, 2015) that requires the California Energy Commission (CEC) to create and implement a "responsible

---

<sup>2</sup> "Journeymen" should be defined according to the California Department of Industrial Relations definition, which is: "A person who has 1) completed an accredited apprenticeship in his/her field, or 2) completed the equivalent of an apprenticeship in length and content of work experience and all other requirements in the craft which has workers classified as journeyman in the apprenticeable occupation. See Title 8, California Code of Regulations, Section 205. In addition, the California Apprenticeship Council requires all crafts to include green components to their Minimum Industry Training Criteria. See <https://www.dir.ca.gov/das/MITC/MITC/SheetMetal/SheetMetal.pdf>

*Footnote continued on next page*

contractor policy” that would apply to all rate-payer funded energy efficiency programs involving installation and/or maintenance by building contractors.<sup>3</sup>

Once the CEC adopts this contractor policy, the Commission will likely consider putting its provisions in place to cover programs and projects contained in the recently-approved energy efficiency business plans. As of this ruling, the exact timing of the CEC’s adoption of the policy is unclear. Thus, the proposed requirements in this ruling are intended as interim and will be re-evaluated when the CEC’s requirements become final.

## **2. Proposed Workforce Requirements**

This section proposes a refined set of workforce quality standards to be applied to all energy efficiency projects funded by ratepayers that meet the criteria as described. This means these requirements would apply to programs designed and implemented by third parties, as well as to programs designed and implemented by program administrators, including IOUs, RENs, and CCAs.

The standards proposed are in the areas of HVAC and lighting controls.

### **2.1. HVAC Projects**

This standard is proposed to apply only to HVAC projects that are installed in a non-residential building or facility. The standard would also only apply to projects where the total project cost exceeds \$200,000. In addition, only

---

<sup>3</sup> See Section 8 of SB 350, which is codified as Section 25943(a)(3) of the Public Resources Code, stating as follows: “The commission [CEC] shall adopt, implement, and enforce a responsible contractor policy for use across all ratepayer-funded energy efficiency programs that involve installation or maintenance, or both installation and maintenance, by building contractors to ensure that retrofits meet high-quality performance standards and ensure energy savings lost or foregone due to poor-quality workmanship.”

*Footnote continued on next page*

projects where the incentive is paid to an entity other than a manufacturer, distributor, or retailer of HVAC equipment would be subject to the requirements. However, the standard would still apply to any installation contractors hired by manufacturers, distributors, or retailers.

If a project meets the above criteria, the requirement would be that it be installed by journeymen<sup>4</sup> with five or more years of experience or apprentices currently enrolled in or having completed a federal or California state apprenticeship program. The intent is that a qualifying apprenticeship program may be union or non-union.

## **2.2. Lighting Controls Projects**

In the area of lighting projects, the proposed workforce quality standard would apply only to projects installed in non-residential buildings or facilities that involve the installation of lighting controls. Such projects may or may not also include lighting fixture installation. The standard is proposed only to apply to projects with a total project cost that exceeds \$100,000, which may include the costs of both controls and fixtures. But as long as there are some controls involved, either controls installation, modification, or maintenance, the workforce standard would apply. In addition, the standard would apply only to projects where incentives are paid to entities other than manufacturers,

---

<sup>4</sup> "Journeymen" should be defined according to the California Department of Industrial Relations definition, which is: "A person who has 1) completed an accredited apprenticeship in his/her field or, 2) completed the equivalent of an apprenticeship in length and content of work experience and all other requirements in the craft which has workers classified as journeyman in the apprenticeable occupation. See Title 8, California Code of Regulations, Section 205. In addition, the California Apprenticeship Council requires all crafts to include green components to their Minimum Industry Training Criteria. See <https://www.dir.ca.gov/das/MITC/MITC/SheetMetal/SheetMetal.pdf>

distributors, or retailers of lighting controls. However, the standard would still apply to any installation contractors hired by manufacturers, distributors, or retailers.

For all projects that meet the criteria described above, the requirement would be that the projects shall be installed by workers that have been certified by the California Advanced Lighting Controls Training Program (CALCTP).

### **3. Questions for Parties**

Parties are requested to comment on the proposed standards described in Section 2 above, and in doing so, respond to the following specific questions:

1. Are you aware of any studies that discuss or establish a link between workforce quality installation standards and their influence on resulting energy savings impacts? If so, please provide a link or attachment to your comments.
2. Do you believe that workforce quality standards, such as those in Section 2 of this ruling including any modifications you recommend, will result in improvements to energy savings in projects to which they are applied? What is the basis for your position?
3. Are there other agencies or entities whose regulations or guidelines we should look to for guidance on workforce quality standards? Be specific. In addition, note where there could be confusion or conflict with requirements of other agencies.
4. Should the Commission look to the requirements for Public Works Projects, such as prevailing wage or livable wage standards for larger commercial projects, as a model for these standards or consider imposing similar requirements? Why or why not?
5. Should the Commission be specific about union or non-union requirements in these standards? Why or why not?
6. Are there other requirements the Commission should impose beyond those suggested in this ruling, such as for worker registration, liability, etc. for these types of projects or others?

7. Do you support the HVAC standard described in Section 2.1 of this ruling overall? Why or why not?
8. What changes, if any, would you suggest to the HVAC standard described in Section 2.1 of this ruling, and why?
9. Is five years the appropriate requirement for length of experience for HVAC project installation? Why or why not?
10. Is the use of the word “journeymen” specific enough in its definition? Who should be qualified under this definition?
11. Do you support the portion of the standard related to apprenticeships? Why or why not?
12. Do you believe that the HVAC standard would exclude or create barriers for qualified workers, especially disadvantaged workers? Explain.
13. Do you believe that there are enough HVAC workers currently available to supply workforce to the energy efficiency projects to which the standard would apply? Be as specific as possible about your justification.
14. Is it feasible for current HVAC workers who are not journeymen and have not completed an apprenticeship program to meet the proposed standard by enrolling in a union or non-union apprentice program?
15. Is it reasonable to exempt from the HVAC workforce standards all projects where the incentive is paid to a manufacturer, distributor, or retailer? Why or why not?
16. Is the project cost threshold for HVAC appropriate or would you recommend a different threshold? Explain your reasoning.
17. Do you support the lighting controls standard described in Section 2.2 of this ruling? Why or why not?
18. What changes, if any, would you suggest to the lighting controls standard described in Section 2.2 of this ruling, and why?
19. Are there other lighting controls certifications besides the CALCTP that are equally rigorous and applicable to the installation of lighting controls that the Commission should consider utilizing instead? Why or why not?

20. Do you believe that the lighting controls standard would exclude or create barriers for qualified workers, especially disadvantaged workers? Explain.
21. Do you believe that there are enough lighting workers currently available to supply workforce to the energy efficiency projects to which the CALCTP certification requirement would apply? Be as specific as possible about your justification.
22. What is the process for lighting workers who do not already have the CALCTP certification to obtain it?
23. Is it reasonable to exempt from the proposed lighting controls workforce standard all projects where the incentive is paid to a manufacturer, distributor, or retailer? Why or why not?
24. Is the project cost threshold for lighting controls appropriate or would you recommend a different threshold? Explain your reasoning.
25. For HVAC replacement or lighting controls projects that are not subject to skilled workforce standards, should the estimated energy savings be reduced by a particular percentage (and if so, what percentage) to ensure accuracy of energy savings estimates? Why or why not?
26. Are there other workforce quality standards that the Commission should consider imposing (e.g., for installers or engineers on HVAC or lighting project teams), in advance of or in addition to the CEC's adoption of its responsible contractor policy pursuant to SB 350? Explain in detail.
27. Are there any other comments you would like to make about the workforce quality standards not already addressed in the other questions above?

**Questions for Program Administrators Only:**

28. Please estimate the number of projects each year that would be subject to the HVAC and the lighting control standards proposed in this ruling.
29. Estimate the percentage of incentive funds that would be paid out in a year for projects covered by the standards proposed in this ruling.



30. For each of the past three years, or for as many years as data is available, each program administrator should identify the number of HVAC projects that it paid incentives for during the year, broken down in the following categories of total project cost: \$0-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$150,000; \$150,001-\$200,000; \$200,001-\$250,000; \$250,001-\$400,000; \$400,001-\$700,000; and over \$700,000.
31. For each of the past three years, or for as many years as data is available, each program administrator should identify the number of lighting controls projects that it paid incentives for during the year, broken down in the following categories of total project cost: \$0-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$150,000; \$150,001-\$200,000; \$200,001-\$250,000; \$250,001-\$300,000; \$300,001-\$500,000; and over \$500,000.

**IT IS RULED** that:

1. Interested parties may file and serve comments on the proposed workforce requirements contained in Section 2 of this ruling and the questions contained in Section 3 of this ruling, by no later than July 30, 2018. Program administrators shall respond with the best available information to Questions 28-31 in Section 3.
2. Interested parties may file and serve reply comments by no later than August 10, 2018.

Dated July 9, 2018, at San Francisco, California.

/s/ JULIE A. FITCH  
\_\_\_\_\_  
Julie A. Fitch  
Administrative Law Judge