

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

Order Instituting Rulemaking Regarding  
Building Decarbonization.

Rulemaking 19-01-011  
(Filed January 31, 2019)

**REPLY COMMENTS OF THE  
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL  
ON THE ORDER INSTITUTING RULEMAKING  
REGARDING BUILDING DECARBONIZATION**

Date: March 26, 2019

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**I. INTRODUCTION**

The California Efficiency + Demand Management Council (the “Council”) appreciates this opportunity to submit its Reply Comments on the Order Instituting Rulemaking Regarding Building Decarbonization (the “OIR”), pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”).

The Council appreciates the comments and input from stakeholders. The Opening Comments emphasize the industry’s interest in the Commission’s efforts to develop programs and policies that address the topic of Building Decarbonization (“BD”). The Council appreciates the opportunity to respond to comments submitted on March 11, 2019, and looks forward to continued engagement on these critical issues. The Council’s Reply Comments focus on the support of the following topics:

- The CEC serving as the Program Administrator (“PA”) for the BUILD program.
- A Statewide third-party Program Administrator for the TECH program.
- Existing Wildfire Rebuild Programs & Encourages Development of Holistic Future Programs.
- Improving Title 24 to Enable Building Decarbonization.
- The inclusion of Commercial & Government Buildings in the Proceeding.
- The concept of layering energy efficiency & building decarbonization funding but asks the Commission to Develop Clear Rules.

## **II. THE COUNCIL SUPPORTS THE CEC SERVING AS THE PA FOR THE BUILD PROGRAM**

In response to the question of what entity should serve as the PA for BUILD program, the Council agrees with the multiple parties, including the Association of Bay Area Governments (“ABAG”), California Building Industry Association (“CBIA”), the City and Council of San Francisco (“CCSF”) and the Natural Resources Defense Council and Sierra Club (“NRDC/Sierra Club”) who supported the CEC serving as the PA.<sup>1</sup> The Council encourages the Commission to select the CEC as the BUILD PA for the following reasons:

- As noted by many parties, the CEC has the experience, technical knowledge and a successful track record of implementing BUILD style programs including the recent New Solar Homes Partnership (“NSHP”).<sup>2</sup>
- As noted by NRDC/Sierra Club, if the BUILD program is going to rely upon the existing Title 24 Building Standards California Building Energy Code Compliance (“CBECC”) software, there will need to be modeling updates to the software to allow for deployment of new innovative technology applications to achieve program goals.<sup>3</sup> By having the CEC serve as the PA, the Commission is selecting the PA with the technical knowledge and direct access to software that will enable the industry to provide innovative proposals that can be tested and scaled to achieve the Commission’s goals.

## **III. THE COUNCIL SUPPORTS A STATEWIDE THIRD PARTY PA FOR THE TECH PROGRAM**

In response to the question of what entity should serve as the PA for TECH program, numerous parties supported the concept of either a third party entity or an independent third party statewide serves as the PA.<sup>4</sup> The Council believes that an independent statewide third party with administrative flexibility to determine how best to implement the TECH program is the most effective. By having a single entity with no inherent fuel incentives overseeing the

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<sup>1</sup> Opening Comments of ABAG, at p. 2; Opening Comments of CBIA, at pp. 4-5; Opening Comments of CCSF, at p. 3; and Opening Comments of the NRDC/Sierra Club, at p. 3.

<sup>2</sup> *See, e.g.*, Opening Comments of ABAG, at p. 2; Opening Comments of CBIA, at pp. 4-5; Opening Comments of CCSF, at p. 3; and Opening Comments of the NRDC/Sierra Club, at p. 3.

<sup>3</sup> Opening Comments of NRDC/Sierra Club, at p. 8.

<sup>4</sup> *See, e.g.*, Opening Comments of ABAG, at p. 4; Opening Comments of CCSF, at p. 3; and Opening Comments of NRDC/Sierra Club, at p. 12.

administration, the program will benefit from a clear focus on the goals of the program and benefit from efficiencies of having a statewide lense. The Commission recognized in Decision (“D.”) 16-08-019 the benefits of statewide programs, including “prioritizing easy program access to customers, and in part, lower transactions costs for administrators and implementers.”<sup>5</sup> In addition, the Council would like to encourage the Commission to ensure the solicitation process for selecting a PA open, transparent and leads to the selection of PA who is best positioned to achieve the goals identified by the Commission.

#### **IV. THE COUNCIL SUPPORTS EXISTING WILDFIRE REBUILD PROGRAMS AND ENCOURAGES DEVELOPMENT OF HOLISTIC FUTURE PROGRAMS**

In our opening Comments, the Council supported the existing wildfire pilot programs, for example, Sonoma Clean Power Advanced Home Rebuild program, and Pacific Gas & Electric’s (“PG&E’s”) Advice Letter which requested funding expansion to communities impacted by 2018 fires.<sup>6</sup> In opening comments, PG&E expanded upon the request made in their Advice Letter to include their proposal for the Zonal Electrification Pilot program for Paradise, California.<sup>7</sup> This forward-looking proposal begins to answer the difficult question of how California can cost-effectively rebuild damaged electric and natural gas transmission and distribution (“T&D”) infrastructure in alignment with the state’s long term climate goals. And while the proposal identified for Paradise looks solely at the potential to defer gas T&D investment through electrification of new construction, the Council would also encourage the development of wildfire rebuild programs that look at both new construction and existing structure retrofit across all building sectors, including residential, commercial, government, to align with the State’s goals.

#### **V. THE COUNCIL SUPPORTS THE IMPROVING TITLE 24 TO ENABLE BUILDING DECARBONIZATION**

CBIA and Southern California Edison Company (“SCE”) identified opportunities within Title 24 implementation that could efficiently further the Commission’s BD goals by utilizing

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<sup>5</sup> D.16-08-019, at p. 51.

<sup>6</sup> Opening Comments of the Council, at pp. 6-7.

<sup>7</sup> Opening Comments of PG&E, at p. 2.

Title 24 compliance credits for the adoption of low to zero emission technologies.<sup>8</sup> The Council supports this use of compliance credit as an administratively efficient mechanism to encourage the marketplace to adopt technologies and requests the Commission require the adoption of these technologies in a grid-enabled fashion. Installing the grid-enabled technology will allow for the device to be operated in a manner that is cost effective for the consumer and in alignment with the grid conditions. Additionally, as the grid conditions and needs change on a temporal and locational basis the appliance's operations will continue to evolve to meet with the consumer and grid needs.

In addition to the compliance credit, multiple parties including CCSF, NRDC/Sierra Club and SCE identified the need to coordinate with the CEC in the identification and removal of barriers that inhibit low to zero emission technologies.<sup>9</sup> While at this time the Council is not identifying any specific barriers, we do support these comments and encourage the Commission to work with the CEC to make updates to the Title 24 that streamline the adoption technologies that best achieve BD goals.

## **VI. THE COUNCIL SUPPORTS THE INCLUSION OF COMMERCIAL & GOVERNMENT BUILDINGS IN THE PROCEEDING**

In response to the general scope of this proceeding, Enel X identified that the OIR had a heavy emphasis on residential buildings and requested the Commission include new commercial and government buildings in the larger Building Decarbonization proceeding.<sup>10</sup> The Council supports this request for expansion and encourages the Commission to consider the following issues:

- Include the Commercial and Government sectors in the large BD policy framework and establish a goal for developing, identifying, funding, and establishing a program for Commercial and Government building sectors by the end of the BUILD/TECH programs in Fiscal Year ("FY") 2023.

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<sup>8</sup> Opening Comments of SCE, at p. 9; Opening Comments of CBIA, at pp. 3-4.

<sup>9</sup> Opening Comments of CCSF, at p. 3; Opening Comments of NRDC/Sierra Club, at p. 20; and Opening Comments of SCE, at p. 10.

<sup>10</sup> Opening Comments of Enel X, at p. 3.

- Coordinate with the CEC and Local Jurisdictions who are implementing reach codes to identify Title 24 barriers that inhibit the adoption of BD technologies in the Commercial and Government sectors.
- Require that all future wildfire rebuild programs include incentives for the Commercial and Government sectors in addition to the residential sector.
- Ensure to the extent practicable that lessons learned from the BUILD/TECH programs are incorporated into the development of the Commercial and Government sector programs.

**VII. THE COUNCIL SUPPORTS THE CONCEPT OF LAYERING ENERGY EFFICIENCY AND DECARBONIZATION FUNDING BUT ASKS THE COMMISSION TO DEVELOP CLEAR RULES**

Multiple parties including, ABAG, Center of Sustainable Energy (“SCE”), Environmental Defense Fund (“EDF”), SCE, and The Utility Reform Network (“TURN”) identify the opportunity to layer (couple or stack) Energy Efficiency or Demand Side Management funds in the BUILD/TECH program, and more broadly, to further achieve the Commission’s goal.<sup>11</sup> While the Council supports these intentions and the desire to maximize ratepayer funding, we believe the following concerns must be considered during the development of any rulemaking on this topic:

- There needs to be a clear delineation between Energy Efficiency and Building Decarbonization funding.
- The Commission needs to ensure the administrative implementation of the layered funding is streamlined into existing programs, and that future programs are designed to allow for easy utilization of funding.

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<sup>11</sup> Opening Comments of ABAG, at p. 9; Opening Comments of CSE, at pp. 4-5; Opening Comments of EDF, at p. 9; Opening Comments of SCE, at p. 5; and Opening Comment of TURN, at pp. 2-3.

## VIII. CONCLUSION

The Council appreciates this opportunity to reply to comments by fellow Parties and engage on the important issue of Building Decarbonization.

Dated: March 26, 2019

Respectfully submitted,

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