

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

Order Instituting Rulemaking Regarding
Building Decarbonization

Rulemaking 19-01-011
(Filed August 13, 2019)

**OPENING COMMENTS OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL
ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON STAFF
PROPOSAL FOR BUILDING DECARBONIZATION PILOTS**

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the “Council”) appreciates this opportunity to submit its comments on the Administrative Law Judge’s Ruling Seeking Comment on Staff Proposal for Building Decarbonization Pilots (the “Ruling”).¹ The Ruling reflects an extensive effort between the CPUC and the California Energy Commission (“Energy Commission”) to create a staff proposal on how best to implement the Building Initiative for Low-Emissions Development (“BUILD”) and Technology and Equipment for Clean Heating (“TECH”) programs required by Senate Bill (“SB”) 1477. These pilot programs will provide both Commissions, utility providers, implementers, non-profit advocates, and the broader building industry with insightful knowledge about how to decarbonize California’s new and existing residential building stock. The Council looks forward to working with staff, and party stakeholders on improving the staff proposal, and providing feedback throughout the program implementation to ensure program success. The Council’s responses to specific questions are below.

II. THE BACKGROUND

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.² Our member companies employ many thousands of Californians throughout the state. They include

¹ These Opening Comments are timely filed pursuant to the California Public Utilities Commission (“CPUC” or “Commission”) Rules of Practice and Procedure and the ALJ Ruling.

² Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

demand response and grid services technology providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of energy efficiency products and equipment. The Council's mission is to support appropriate demand response and energy efficiency policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

III. COMMENTS ON SPECIFIC QUESTIONS

1. Is the staff's proposed approach for using gas corporating revenue from the direct allocation of GHG allowances for funding the BUILD program and TECH program reasonable?

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

2. Does the staff's proposal appropriately and adequately prescribe how to prioritize among different authorized uses of the directly allocated GHG emission allowance revenue described in Question 1?

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

3. Are the annual budgets proposed for the BUILD and TECH program reasonable? Why or why not?

Besides the proposed budgets exceeding the annual \$50 million allocations by \$2 million, the Council believes the annual budgets for the BUILD & TECH program are reasonable. However, given the limited availability of funding and desire to maximize greenhouse gas ("GHG") reductions, and lessons learned the Council questions the \$2 million allocations to the BUILD program for program administration and TECH program for a prize program. For the BUILD program administration, we request that the Energy Commission justify the funding level proposed to ensure the 10% program administration budget is in alignment with best practices and to improve program transparency. For the TECH program, the Council questions the appropriateness of dedicating budget towards a prize program ahead of the third party solicitation process. As described in the staff proposal, the prize program "*will set a simple target for entities to hit, and a prize may be given to the first party who hits the target.*"³ The staff

³ California Public Utility Commission and California Energy Commission Staff Proposal for Building Decarbonization Pilots at p. 43

proposal states that “this approach has been used by the Department of Energy ("DOE") to promote goals such as domestic solar panel production,” and cites DOE’s 2018 America’s Made Solar Prize program.⁴ While the Council supports the concept of using prizes to spur innovation, we believe the Commission should consider prize programs within the context of the overall TECH program budget, and not provide a guaranteed budget set aside. If the Third-Party Implementer, Commission staff, and stakeholders all agree on an impactful prize program that achieves the goals of “*innovative, short term approaches by market actors,*” and drives GHG reductions beyond what is proposed to be achieved by other strategies of TECH program than it is appropriate to dedicate funding towards this initiative. Merely doing so ahead of the solicitations seems premature.

4. Is the proposed budget allocation of 40 percent of the budget for the BUILD program and 60 percent for the TECH program appropriate? Why or why not?

As identified in the Staff Proposal:

*"successful decarbonization effort will have to address existing building, which parties agree will be more challenging to decarbonize due to the number of existing buildings, their diversity, and barriers facing home energy retrofits."*⁵

Given this acknowledgment, the Council requests that the TECH program budget be increased to 75% of the available funding. This additional funding will allow the program implementer and independent evaluators to address known barriers, and provide the greatest opportunity for lessons learned in the existing building stock, which enable both short and long term building emission reductions throughout California.

5. Is it appropriate for the CPUC to select the CEC as the administrator for the BUILD program? Why or why not?

In our Reply Comments to the Order Instituting Rulemaking for this proceeding, the Council supported multiple parties requests the Energy Commission serves as the administrator for the program.⁶ We support the Commission's proposal that the Energy Commission serves as

⁴ California Public Utility Commission and California Energy Commission Staff Proposal for Building Decarbonization Pilots, at p. 43.

⁵ California Public Utility Commission and California Energy Commission Staff Proposal for Building Decarbonization Pilots, at p. 6.

⁶ Council Reply Comments on Building Decarbonization OIR, at p. 2.

the program administrator, and believe this justification provided in the staff proposal is accurate.

6. Are the proposed elements of the BUILD program reasonable and sufficiently comprehensive? If not, what elements should be removed, changed, or added? Specific questions to consider:

- a. Given that production builders (e.g., builders who build houses, townhouses, condos, and rental properties on land owned by a building firm) construct the majority of new homes in California, should BUILD incentives be offered separately for each new home or collectively for each new subdivision?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- b. Should BUILD incentives be offered on a first-come, first-served basis across the state, or should BUILD incentives be limited to regions of the state where the largest GHG emission reduction potentials exist? Or should it be based on some other standard? Please explain your rationale.**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- c. Should each developer or builder have a limit on the total share of incentive dollars received per year, or overall?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- d. What is the appropriate incentive level for the BUILD program?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- e. Should the level of BUILD incentives be equivalent to or greater than the current social cost of carbon (e.g., \$48/Tonne CO₂e)?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- f. For the low-income component of BUILD, should funding levels be prioritized for the technical assistance work or for the incentive budget? Why or why not?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- g. Is the funding for low-income component of BUILD at 30 percent of total budget appropriate? Why or why not?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- 7. Which elements of the BUILD program should be established by the Commission in decision, and which should the BUILD program administrator have the flexibility to modify in implementation, with oversight by Commission staff?**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- 8. Comment on whether the Staff Proposal's analysis and recommendations for the BUILD program's technology eligibility criteria, process for evaluating new technologies, guidelines and evaluation metrics, and criteria for scoring and selecting projects are reasonable.**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

- 9. Is the proposed mechanism for selecting a program administrator for the TECH program reasonable?**

The Council does not have a response at this time, but reserves the right to comment on parties' responses in Reply Comments.

- 10. Are the proposed elements of the TECH program reasonable and sufficiently comprehensive? If not, what elements should be removed, changed or added? Specific questions to consider:**

The Council does not have a response at this time but reserves the right to comment on parties' responses in Reply Comments.

11. Comment on whether the Staff Proposal’s analysis and recommendations for the TECH program’s technology eligibility criteria, process for evaluating new technologies, guidelines and evaluation metrics, and criteria for scoring and selecting projects are reasonable.

The Council does not have a response at this time but reserves the right to comment on parties’ responses in Reply Comments.

12. Is the proposed process for selecting an evaluator for the BUILD & TECH program appropriate? Why or why not?

The Council does not have a response at this time but reserves the right to comment on parties’ responses in Reply Comments.

13. Other questions:

- a. The staff proposal includes a list of GHG metrics and sub-metrics to measure the success of the BUILD and TECH Programs. Are these metrics appropriate? Why or why not? Are there any additional or different metrics that should be considered? Why or why not?**

The Council does not have a response at this time but reserves the right to comment on parties’ responses in Reply Comments.

IV. CONCLUSION

The Council appreciates the Commission’s consideration and the opportunity to provide comments on the Ruling.

Dated: August 13, 2019

Respectfully submitted,

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