

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

Order Instituting Rulemaking Regarding
Building Decarbonization

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

**OPENING COMMENTS OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL
ON PROPOSED DECISION ESTABLISHING BUILDING DECARBONIZATION
PILOT PROGRAMS**

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the “Council”) appreciates this opportunity to submit its comments on the Proposed Decision Establishing Building Decarbonization Pilot Programs (“Proposed Decision” or “PD”) which was mailed on February 12, 2020 in Rulemaking (“R”) 19-01-011 (Building Decarbonization). These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

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.¹ Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), 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 EE products and equipment. The Council’s mission is to support appropriate EE and DR policies,

¹ 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.

programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

III. THE COUNCIL’S COMMENTS ON THE PD

a. The Council Applauds the Decarbonization PD and underscores the urgency of ramping up BUILD and TECH quickly

The Council applauds the Commission for authoring a PD that sets clear, aspirational yet attainable goals for decarbonization. In particular, the Council is enthused to see both the BUILD and TECH programs utilizing greenhouse gas (“GHG”) emissions as a metric. Moving to a GHG metric enables program implementers to deploy the most effective tools to decarbonize buildings, regardless of resource type. This is crucial for two reasons; first, it enables resources such as energy efficiency and demand response to be on a level playing field with renewable and other distributed-energy resources (“DERs”) to drive decarbonization. Second, it helps break down the silos between resource types to create a more holistic approach to decarbonizing buildings. This objective-based approach will be critical not just to the success of the BUILD and TECH programs, but to reaching California’s climate goals more broadly.

While the Council endorses this approach to decarbonization, and looks forward to bringing the resources represented by our member companies to bear in this important endeavor, we would like to emphasize the urgency of ramping up the BUILD and TECH programs as soon as possible in light of the climate crisis. A recent report indicates that despite California’s policy leadership in combatting climate change, the state is not on track to meet its 2030 climate goals until 2061.² The Commission must ensure the process by which BUILD and TECH are initiated and ramped up takes place quickly to ensure building decarbonization can help get the state back on track to meet these GHG reduction commitments. To that end, it is essential that the Commission ensures a TECH administrator is in place by the end of 2020, and collaborates with the California Energy Commission (“CEC”) to ramp up BUILD. The Council and its members are standing by to lend our expertise in accelerating these important initiatives.

² Next 10, “2019 California Green Innovation Index”, p. 4. October, 2019. Available at: <https://www.next10.org/sites/default/files/2019-10/2019-california-green-innovation-index-final.pdf>

Furthermore, the Council looks forward to supporting the CPUC as it implements TECH to the fullest extent and intent of SB 1477 as envisioned by the legislature. To that end, we want to be certain that the CPUC fully aligns its policies and rules accordingly. It would be unfortunate to see the TECH policies and rules migrate toward the CPUC's current policies and rules regarding existing ratepayer-funded EE programs. The principles of the TECH implementation effort must be reflective of the legislature's intent to draw upon ratepayer-funded initiatives to contribute toward realizing our state's GHG reduction goals.

b. The TECH Initiative Administrative Budget Cap Should be Removed or Increased

The Council believes the PD should be amended to either remove or increase the TECH administrative budget above the 5% put forth in the PD as it is arbitrary and could hinder innovation and successful delivery of the pilot. The TECH administrator will need a broad remit to manage and administer a wide variety of solutions to drive market transformation, including elements critical to midstream or upstream programs such as distributor and contractor training. Furthermore, we anticipate the TECH administrator will be the interface of compliance and reporting for the various regulatory requirements that are typically encountered during any new program initiatives, particularly those which are entirely new to the industry such as TECH. The Council worries that this low, and seemingly arbitrary budget cap may stymie the innovation necessary for the success of these pilots. This is particularly noteworthy given the broad range of technologies that could be deployed and the lack of definitions for program budget categories; it is difficult for stakeholders to determine if these amounts are sufficient to drive success of the Pilots.

While there is an understandable desire to maximize dollar-value of incentives to technologies, this can be better achieved by evaluation of proposals rather than dictating via policy. Indeed, the staff proposal appears to be aligned with this approach, as it declines to set an administrative budget cap for TECH, in contrast to the BUILD program.³ The Council therefore recommends the TECH administrative budget not be constrained by an arbitrary figure. At the very least, the Council respectfully requests that the CPUC consider increasing the administrative budget, along with a clear definition of the scope and expectations

³ California Public Utilities Commission and California Energy Commission, "Staff Proposal for Building Decarbonization Pilots - Draft". Section 3.1. July 16, 2019.

for the administrator as well as reasoning demonstrating the process by which this figure was chosen.

c. The TECH Initiative should explicitly include multifamily heat pump water heaters in the list of eligible technologies

The Council believes the PD should be amended to explicitly include heat pump water heaters for multifamily homes in the list of eligible technologies. This important addition helps address the 47% of California's low-income households living in apartment complexes.⁴ This is especially relevant as the vast majority of the apartment complexes that will exist by 2045 have already been constructed. Electrification retrofits of multifamily properties will therefore play a key role in helping to meet the state's 2045 carbon goal.

Electrification retrofits nearly always substantially re-use existing electrical, plumbing, and physical infrastructure at the properties they serve. Adapting electrification to both unitary and central domestic hot water heating in multifamily has unique challenges. For example, most components needed to build heat pump water heaters for multifamily homes are not yet approved for Low Global Warming Potential (“GWP”) refrigerants. Explicitly recognizing the importance of heat pump water heaters in the TECH Initiative guidelines in the PD can ensure the Commission continues to ramp up efforts to serve disadvantaged communities.

In order to meet the goals of the TECH Initiative, efforts should be made to address the unique challenges that multifamily homes present. Therefore, the Council recommends that the Commission direct Southern California Edison and TECH Initiative bidders to work with stakeholders to ensure that the TECH Initiative properly captures the performance of technologies –including heat pump water heaters– that will serve low-income populations residing in apartment complexes.

⁴ California Energy Commission, “SB 350 Low-Income Barriers Study, Part A”, p. A-3. December 2016. Available at: <https://efiling.energy.ca.gov/getdocument.aspx?tn=214830>

IV. CONCLUSION

The Council believes the Commission has taken the right steps to drive critical decarbonization via the BUILD and TECH programs in California. The Council appreciates the Commission's consideration of our comments regarding the decarbonization PD.

Dated: March 3, 2020

Respectfully submitted,

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