BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

| Order Instituting Rulemaking Regarding Building Decarbonization | Rulemaking 19-01-011 (Filed January 13, 2019) |

REPLY 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 these Reply 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 Reply 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 COUNCIL AGREES WITH MULTIPLE PARTIES WHO ASSERT THAT THE TECH INITIATIVE ADMINISTRATIVE BUDGET CAP SHOULD BE INCREASED

The Council appreciates the comments from a number of parties supporting an increase to the administrative budget cap for the Technology and Equipment for Clean Heating (“TECH”) Initiative. The Natural Resources Defense Council (“NRDC”), Sierra Club, the California Environmental Justice Alliance, Sacramento Municipal Utility District (“SMUD”), Center for Sustainable Energy (“CSE”), VEIC, and Rheem all noted their support for increasing the TECH administrative budget cap to 10% in their comments, in order to align with the administrative budget cap of the BUILD program.¹ First, the Council supports these parties’ proposal to

¹ Opening Comments of the California Environmental Justice Alliance (CEJA), NRDC, and Sierra Club, at p. 11; Opening Comments of VEIC, at p. 9; Opening Comments of Rheem, at p. 6; Opening Comments of SMUD, at p. 6; and Opening Comments of CSE, at p. 4.
increase the administrative budget cap to 10% at the very least. Second, we encourage the Commission to provide clear reasoning and documentation as to how the TECH administrative budget cap number was reached, in order to determine the appropriate administrative budget level.

As stated in the Council’s opening comments, 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. With these important activities in mind, the Council encourages the Commission to facilitate the success of decarbonization by providing strong support to implementers who will be driving the this program forward.

III. THE COUNCIL BELIEVES THE TECH ADMINISTRATOR SHOULD BE A THIRD-PARTY

In its comments, SDG&E asserts that the implementer for the TECH initiative should not be limited to third-parties, and that the investor-owned utilities (“IOUs”) should be permitted to participate in the competitive solicitation process. While the Council appreciates SDG&E’s desire to play a substantive role in decarbonization, we believe that administration of this critical decarbonization effort should rest with a third-party. As seen across proceedings and initiatives in California, the IOUs are increasingly moving towards a “poles and wires” business model, with many important functions, such as energy efficiency, being increasingly handled by third-parties. Allowing the IOUs to administer the TECH initiative would go against the current, and be in direct contradiction to the Commission’s explicit goals to increase third-party administration of important programs. Though the Council believes SDG&E – and the other IOUs – can play an important role in supporting to decarbonization in many facets, including via their strong role as trusted advisors to their ratepayers, we encourage the Commission to retain third parties as administrators for BUILD and TECH to align with the Commission’s broader goals.

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2 Opening Comments of SDG&E, at p. 1.
3 See, for example, D.16-08-019, at 111.
IV. THE COUNCIL AGREES WITH MULTIPLE PARTIES THAT THE EVALUATION CAP SHOULD BE INCREASED

The Council applauds the Commission for embedding evaluation into decarbonization efforts as demonstrated in the PD. In particular, we appreciate the goal of providing real-time feedback on the performance of BUILD and TECH as indicated, for example, in Ordering Paragraph 31. However, the Council has concerns that this important step forward in evaluating BUILD and TECH may be hindered by an insufficient evaluation budget. We share the concerns advanced by NRDC, Sierra Club, and the California Environmental Justice Alliance in their comments that the evaluator budget of 1.8 percent put forth in the PD will limit effective appraisal of BUILD AND TECH and should be increased to 2.5 percent.

The Council worries about the seemingly arbitrary determination of 1.8 percent for evaluating critical decarbonization programs, and agree with the aforementioned parties’ recommendation to increase the budget evaluation budget cap. Moreover, and similar to the Council’s concerns about the methodology used to determine the TECH administrative budget, we encourage the Commission to clearly denote the methodology used to determine this evaluation budget. In light of these concerns and the thoughtful positions of the aforementioned parties, the Council recommends increasing the evaluation budget to at least 2.5 percent.

V. CONCLUSION

The Council appreciates the Commission’s consideration of our Reply Comments regarding the decarbonization PD.

Dated: March 9, 2020

Respectfully submitted,

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4 PD, at 104.
5 Comments of the CEJA, NRDC, and Sierra Club, at p. 12.