



1111 Broadway, Suite 300 (WeWork)
Oakland, CA 94607
Tel: 925-286-1710
Email: gwikler@cedmc.org

April 2, 2020

Hon. Marybel Batjer
President
California Public Utilities Commission
Marybel.batjer@cpuc.ca.gov

Hon. Liane M. Randolph
Commissioner
California Public Utilities Commission
liane.randolph@cpuc.ca.gov

Sent via electronic mail

Subject: Urgent Request for Commission Action to Assist California's Energy Efficiency Industry

Dear President Batjer and Commissioner Randolph:

On behalf of the California Efficiency + Demand Management Council (The Council), I am writing to express the deep and urgent concerns about missed customer savings and economic stimulus during the current COVID-19 crisis. California is now facing unprecedented reductions in energy efficiency (EE) activity and adjacent customer bill savings, including for those residents and businesses least able to weather any added costs during this time. We believe several adjustments to the Commission's EE policies and processes will go a long way towards helping to reduce the impacts that this crisis is bringing to so many Californians.

The EE sector in California employs over 320,000 (direct and indirect) people. Without Commission action, there will be significant workforce reductions and higher customer bills. The Council requests an immediate intervention by the Commission to order the IOUs to immediately and temporarily modify rules governing a range of existing EE programs and research projects to honor the State's shelter-in-place requirements.

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 more than 60 member companies employ many thousands of Californians throughout the State. Furthermore, our member companies indirectly create multiple times more additional clean-tech jobs through specialized trainings and implementation jobs for contractors through the projects they define.

¹Additional 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.

Earlier this year, The Council engaged with each of your teams as well as senior leadership from the Commission's Energy Division (ED) staff. The concerns we raised were in response to the rapid drop offs that we have witnessed in EE programs as the IOUs began to scale back their program efforts earlier this year in accordance with Commission policies. Potential consumer bill savings related to these slowdowns and reductions have only been exacerbated by the COVID-19 crisis.

While we are encouraged by the steps taken by ED staff in response, the COVID-19 crisis has taken the EE industry to near collapse. Nearly all our member companies are implementing drastic measures to ensure that they can survive during this time, including re-prioritizing workloads and furloughing their staff. These reductions are having an immediate and dire impact on California's EE program delivery infrastructure. Rehiring and training EE professionals will take several years, and the expertise we have built in California over decades is being lost literally overnight. Indeed, we worry that small businesses may never fully recover from the current crisis.

If there was ever a time for the Commission to act, now is that time. It is important to point out that the Commission has already approved significant budgets for many types of EE projects, and many of them serve disadvantaged communities and hard-to-reach areas in the State that are in urgent need of immediate relief. Fortunately, no new funding authorizations are needed to take the actions that we are proposing in this letter.

Request of the Commission

The Council respectfully requests the Commission to consider the following actions in order to ensure that California's EE program delivery infrastructure is maintained during the current crisis:

- 1. Immediately and Temporarily Relax Feasibility Requirements for EE Projects.** Residential and business customers have cash-flow challenges and need Commission assistance to unlock valuable energy savings that will reduce their energy costs. Many of these customers serve disadvantaged communities in need of urgent relief. We request that the Commission immediately relax various requirements (including cost-effectiveness thresholds, custom review procedures, etc.) in order to allow more projects to move faster through the process. Furthermore, we request that the Commission temporarily allow full effective useful lifetimes (EUL) for all measures, remove gross realization rate (GRR) discounts, and remove net-to-gross (NTG) discounts. We request that these temporary measures be taken from now until the end of 2021.
- 2. Allow Remote Validation.** For EE programs that are performance-based or meter-based, we understand that many customer projects that would result in customer bill savings are at the final stages of approval but still require onsite validation in order to finalize processing for the project approval. Since the shelter-in-place order has been issued, contractors are not permitted to go onsite to validate the savings performance. That means that customers who are waiting for incentives for projects that have already been installed will not receive their incentive payments for quite some time. We request that the Commission direct the IOUs grant temporary waivers to contracting provisions and allow validations and approvals based on contractor and customer assurances and by using pre-approved *a priori* savings claims.
- 3. Accelerate Process for New Customer Savings Projects.** Customers should be ensured access to existing revenue streams to save on bills. Now is the time for the IOUs to step up the timing of their solicitation processes. Most – if not all – of the steps needed to secure new programs through the solicitations process can be taken through remote means. As such, we request that the Commission order the IOUs to accelerate their solicitation processes for third-party customer savings programs, including the market transformation administrator solicitation, in order to assure compliance with the ambitious schedules outlined in the Commission's March 11th letter to the IOUs from Deputy Executive Director Randolph.

4. **Implement Relief Measures for Direct Install Programs.** Similar to the March 23rd letter to the IOUs from Executive Director Stebbins, we are requesting that a directive be put into place for certain types of EE programs that are similar to Energy Savings Assistance (ESA) programs. In particular, we request that all IOUs that manage any **Direct Install** EE programs under the authority of the Commission within proceedings R.13-11-005 and R.17-01-013 also follow the same guidance as was given by the Commission for the ESA programs. Many of the implementers of third-party Direct Install programs are small businesses that cannot sustain their workforces without some level of continuous funding. We request that the IOUs provide specific assistance to Direct Install program contractors to help ensure the economic stability of the Direct Install program's workforce.
5. **Resume EE Programs to Reduce Customer Bills.** It is our understanding that IOUs are in the process of scaling back many of their non-resource programs (e.g., Workforce Training & Education and Marketing, Education & Outreach) in order to meet broader Commission requirements. These essential EE programs directly result in customer bill reductions. We request that the Commission direct these, and all other non-resource programs be immediately restored.
6. **Temporarily Adjust Sampling Requirements for Research Projects.** Through the various EE program evaluation activities overseen by the Commission and IOUs, there often are requirements for onsite survey sub-samples to validate findings. We request that the Commission temporarily waive any onsite survey sub-sample requirements and rather direct EM&V contractors to fulfill sampling requirements exclusively through remote surveying techniques (i.e., telephone and/or online methods).

On behalf of The Council membership, I wanted to wish you and your loved one's safety and good health during these trying times. We look forward to your timely response. If you have any questions, feel free to reach out to me by email at gwikler@cedmc.org or by phone at 925-286-1710.

Sincerely,



Greg Wikler
Executive Director
California Efficiency + Demand Management Council

cc: Commissioner Martha Guzman Aceves
Commissioner Clifford Rechtschaffen
Commissioner Genevieve Shiroma
Alice Stebbins, Energy Division
Edward Randolph, Energy Division
Rachel Wagoner, Governor Newsom's Office
Kip Lipper, Office of President ProTem Atkins
Gabby Zeps, Office of Assembly Speaker Rendon
Senator Henry Stern
Senator Nancy Skinner
Assemblymember Christopher Holden
Assemblymember Richard Bloom
Service lists for R.13-11-005 and R.17-01-013