



July 6, 2021

Via E-mail (EDTariffUnit@cpuc.ca.gov)

Energy Division

California Public Utilities Commission

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

Re: Joint Comments of the California Efficiency + Demand Management Council, The Energy Coalition, the National Association of Energy Service Companies, and the Natural Resources Defense Council on Draft Resolution E-5152 which Approves the Database for Energy-Efficiency Resources Updates for Program Year 2023 and Revised Version for Program Years 2022 and 2021.

Dear Energy Division,

The California Efficiency + Demand Management Council (“The Council”)¹, the Energy Coalition, the National Association of Energy Service Companies (“NAESCO”), and the Natural Resources Defense Council (“NRDC”) (hereafter collectively the “Joint Parties”) appreciate the opportunity to respond to the request for comment on the Draft Resolution E-5152 (“Draft Resolution”) which approves the Database for Energy-Efficiency Resources (“DEER”) Updates for Program Year 2023 and Revised Version for Program Years 2022 and 2021.

I. 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 energy efficiency (“EE”), demand response (“DR”), and grid services technology providers, implementation and evaluation experts, energy service

¹ The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.

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.

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

The NAESCO is the national trade association that represents Energy Service Companies ("ESCOs") and those who work with them – The ESCO Community – 115 companies that implement about \$7 billion of EE and RE projects annually, primarily for public sector customers. Together, our community is built around efficiency, sustainability, resiliency, and optimization.

NRDC is a non-profit membership organization with more than 95,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California's energy use.

The Energy Coalition ("TEC") is a California-based 501(c)3 nonprofit with over 45 years of experience designing and implementing strategies that transform energy use, generate capital, and empower people to take responsible energy actions. As a social change organization, TEC helps create an abundant and healthy world by inspiring others to be architects of our sustainable energy future.

II. SUMMARY

The Joint Parties recommend the following:

- The Draft Resolution must address effective useful life ("EUL") of non-residential Behavioral, Retrocommissioning, and Operational measures ("BROs") as directed by Commission Decision D.21-05-031
- The California Technical Forum ("Cal TF") budget should be restored to levels that support robust deployment of Electronic Technical Reference Manual ("eTRM") and technical review of new measures

III. THE COMMISSION MUST ADDRESS NON-RESIDENTIAL BRO EULS VIA THE DEER PROCESS AS DIRECTED BY COMMISSION DECISION

The Draft Resolution must address BRO EULs as part of this DEER update, as directed by Commission Decision D.21-05-031. As stated in Conclusions of Law Paragraph 42:

42. It is reasonable to consider changes to the EUL assumptions for BRO measures using the same process to update EULs for other energy efficiency measures. Therefore, the interim assumptions included in D.16-

08-019 may be changed by a future Commission DEER resolution used to update measure EULs.³

Particularly because of the implementation of Total System Benefit (“TSB”) for EE portfolios, it is critical that the Commission uses this draft Resolution as the opportunity to examine lifecycle savings of BROs measures and Add-On Equipment. In Decision D.16-08-019, the CPUC clearly stated that defining a two-year life for behavioral programs in non-residential settings, and a three-year life for retro-commissioning and operational programs was to “err on the conservative side”.

There is ample evidence that non-residential measures currently being classified as BROs can demonstrate significantly longer EULs than those currently being accepted for such measures. For example, it was reported in a presentation given by the California Technical Forum that SCE was shutting down its deemed Pump System Overhaul program due to low BROs cost-effectiveness as a result of conservative BROs EUL (larger pumps follow the custom process, which continue to show artificially low TRCs because of limited EUL).⁴ Maintaining low EULs for all measures classified as BROs, despite existing evidence supporting longer lifetime impacts, has artificially reduced the net lifecycle savings that could be claimed for these measures since 2016. This conservative estimate has resulted in lower TRC values for such measures than should be reflected and has resulted in the termination of measures and programs, which otherwise would have proven to be cost-effective. Moreover, inaccurate BROs EULs will have significant implications for the accurate characterization of the TSB as a portfolio metric.

Reexamining BRO EULs will not only more accurately reflect the reality of BROs application types currently being deployed but broaden the available efficiency potential to meet the Commission and the state’s energy and climate goals. The Joint Parties therefore urge Commission staff to amend the Draft Resolution to more fully examine the EUL of BROs in line with Commission Decision language in D.21-05-031.

IV. THE CAL TF BUDGET SHOULD BE RESTORED TO LEVELS THAT SUPPORT ROBUST DEPLOYMENT OF ETRM AND REVIEW OF NEW MEASURES

Draft DEER Resolution E-5152 addresses continued support and funding for further eTRM software development and continued Cal TF support in 2022.⁵ The Joint Parties recommend that the Cal TF budget for 2022 be restored so that Cal TF activities contained in the Cal TF 2021 Business Plan, which should be ongoing into 2022, are fully funded. For 2023 and beyond, Cal TF needs a stable funding mechanism (rather

³ D.21-05-031, at p. 80.

⁴ Ayad Al-Shaikh, California Technical Forum, “Stage 2 Item Prioritization”, slides 25–28. Available at:

<https://static1.squarespace.com/static/53c96e16e4b003bdba4f4fee/t/5c76cd05e2c4832abdc676aa/1551289616726/2019+Stage+2+Issues+Review.pdf>

⁵ Draft Resolution, p. 9.

than year-to-year funding as currently defined) so that Cal TF can operate with a stable rather than fluctuating budget. Stable funding for Cal TF in 2023 and beyond is consistent with the Commission's directives in D.21-05-031 to implement stable funding mechanisms that align with four-year EE portfolios implemented rather than year-to-year funding.

Both the eTRM and Cal TF have provided significant benefits to the key energy efficiency stakeholders in California, including cost reductions, transparency, significantly improved and clear processes and associated guidelines and templates to assist implementers and others in properly complying with CPUC requirements associated with the ex ante review process. The eTRM has created a repository of deemed measures that are robust, transparent, consistent, and well-documented, and is easy to learn, use, understand and work with. The values in the eTRM reflect statewide measure packages, with some variation at the measure level to account for differences in Publicly-Owned Utilities ("POU") and Investor-Owned Utilities ("IOU") values. The benefits of the eTRM will undoubtedly be realized by all program administrators, including regional energy networks ("RENs") and community choice aggregators ("CCAs"), and their interest in sustaining the eTRM should be encouraged.

Cal TF has provided considerable benefit to the EE stakeholder community in California, which has yielded, among other benefits, significant cost and process efficiencies and improvements. In addition to conceiving and leading the development of the eTRM, Cal TF has led the consolidation of over 400 deemed Workpapers to a set of approximately 130 statewide deemed measure packages with input from a broad range of technical experts in California, including both Cal TF Members and other subject matter experts. Given the Commission's goal of third-party implementers ("3Ps") designing and implementing statewide programs up to 60% of the EE portfolios, the statewide consolidated deemed measures has been essential in allowing implementers to efficiently design and implement programs compared to the previous utility-specific workpapers that differed for the same or similar measures. This has shown improvement compared to the previous paradigm of statewide deemed measures being approved by the CPUC's independent ex ante consultants.

In addition, with the input from a broad range of technical experts and stakeholders, Cal TF developed and is implementing a "New Measure Review Process" which now affords 3P implementers and others to propose new and updated measures packages, which are then reviewed through a panel of experts (the New Measure Review Screening Committee) using consistent criteria and a transparent process. The New Measure Review process also provides implementers feedback on their proposed measures so they can revise and resubmit. Implementers previously did not have the ability to have their measure ideas reviewed through an independent transparent process, with clear criteria and feedback. Again, given that 3P implementers will soon be implementing at least 60% of the resource EE portfolios, a process that allows implementers to design new and updated measures is essential. Cal TF has developed many tools, templates, guidelines, and other documents to help implementers and others meet the Commissions expectations and requirements in the deemed ex ante process so that they can submit high-quality measure packages. Finally, Cal TF has led

initiatives that have yielded consensus recommendations on important technical topics, such as issues to consider in transitioning from the current suite of tools to EnergyPlus.

From an administrative perspective, Cal TF is aligned with prior Commission directives on the value of Advisory Bodies. In fact, as reflected in D.05-01-055 the CPUC supports the role of advisory organizations:

“Advisory groups can help to safeguard against the potential for bias in program selection and portfolio management by: (1) promoting transparency in the program administrator’s decision-making process; (2) providing a forum to obtain valuable technical expertise from stakeholders and non-market participant; (3) encouraging collaboration among stakeholders and; (4) creating an additional venue for public participation.” (Finding of Fact 43)

Cal TF is merely advisory. It has no formal decision-making authority and cannot replace any Commission decision-making authority now or in the future. However, despite its role as an Advisory Body, Cal TF’s work –which is the result of high-quality technical contributions of Cal TF Members and other technical experts– has had significant and positive impacts in the State of California.

In 2021, Cal TF has essentially become a software development enterprise (for the eTRM). It is the Joint Parties’ observation that the current Cal TF bears very little resemblance to its mission and prior Cal TF activities given that the majority of Cal TF’s budget in 2022 has been diverted to software development with minimal budget available for measure updating activities. The Cal TF Policy Advisory Committee (“PAC”), of which the Council holds a formal seat, is the cornerstone of Cal TF. Yet all PAC and related meetings are at a virtual standstill. Cal TF’s Business Plan for 2021 (given budget limitations) included far fewer PAC meetings, compared to prior years which had many more PAC and public meetings. Furthermore, various Cal TF subcommittees meet to work on various technical issues. Unfortunately, because of the IOU’s unilateral budget cuts, these meetings have ground to a halt as well. The Joint Parties are very concerned and disappointed by this development.

Based on the language in Draft Resolution E-5152, the continued software development activity for eTRM (the enhancements) will be equivalent to the software development activity in 2021, which has crowded out other important Cal TF work. If Cal TF 2021 budgets are not restored to appropriate levels in 2022 and beyond, the Joint Parties fears Cal TF may cease to be a viable organization given limited meetings, engagement with Cal TF Members, and severe limitations on funding for non-eTRM development related activities.

In light of the above, the Joint Parties strongly recommends that the CPUC order the IOUs to restore the Cal TF budget to levels sufficient to continue driving meaningful implementation of the eTRM and associated processes in 2022 and beyond.

V. CONCLUSION

Based on the arguments presented above, the Joint Parties request that the Commission adopt the recommendations in these comments.

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Respectfully submitted,

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Enclosure: Certificate of Service and Service List