BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation and Related Issues.	Rulemaking 13-11-005 (Filed November 14, 2013)

OPENING COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING NOTICE AND OPPORTUNITY REGARDING ADDITIONAL RESULTS OF DRAFT POTENTIAL AND GOALS STUDY

Dated: July 30, 2021

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I. INTRODUCTION

The California Efficiency + Demand Management Council[1] ("The Council") respectfully submits these Opening Comments on the Administrative Law Judge's ("ALJ's") Ruling Providing Notice and Opportunity Regarding Additional Results of Draft Potential and Goals Study ("ALJ Ruling"), issued in R.13-11-005 (Energy Efficiency Rolling Portfolio) on July 22, 2021. These Opening Comments are timely filed and served pursuant to the California Public Utilities Commission's ("Commission's" or "CPUC's") Rules of Practice and Procedure and the instructions accompanying the ALJ Ruling.

II. SUMMARY

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") and demand response ("DR") service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council's mission is to support appropriate EE and DR policies, programs, and technologies to

[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.

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

With regard to EE potential and goals ("P&G"), the Council has an extensive record of in-depth comments, suggestions, and proposals in connection with Commission policies and practices regarding P&G processes. Indeed, as part of the most current 2021 P&G draft study results, the Council has already offered extensive opening comments[3] and reply comments[4] in connection with this topic. The Council greatly appreciates the Commission's steadfast commitment to ensuring that the P&G results are as accurate and up-to-date as possible. With that said, the Council continues to have concerns about the implications of the Commission adopting EE savings goals that are on par with EE savings goals set from previous Commission decisions. If the Commission retains its past practice of adopting a Reference Scenario for goal setting purposes, the new goals will have negative impacts on California's energy efficiency industry and will inhibit the ability for the state to achieve the goals identified in SB 350, SB 100, and Executive Order ("EO") B-55-18. We will outline our preferred course of action for the current goal setting process in our responses to the ALJ's specific questions.

On another topic, the Council would like to point out that it looks forward to engaging with the Commission and other stakeholders in the imminent CPUC proceeding on cost-effectiveness referenced in the Proposed Decision issued recently to close the Integrated Distributed Energy Resources ("IDER") proceeding.[5] We believe that there are many issues that need to be addressed regarding the treatment of both benefits and costs associated with all behind-the-meter resources. We acknowledge that these issues can only be addressed through this upcoming proceeding. As such, our comments and recommendations here represent what we believe can be appropriately handled in this proceeding.

III. COUNCIL COMMENTS ON UPDATED POTENTIAL STUDY

The Council has reviewed the updated potential study results noticed by the Commission on July 13, 2021. We do not offer comments at this time. The Council also reviewed the updated

[3] Council Opening Comments on Potential and Goals Ruling, May 21, 2021.
[4] Council Reply Comments on Potential and Goals Ruling, May 28, 2021.
[5] Proposed Order Closing Rulemaking 14-10-003, mailed June 30, 2021.

potential study results using the 2021 avoided cost calculator ("ACC") results as reported by Guidehouse in a July 22, 2021 Memorandum to the Energy Division.

The Council was disappointed in the absence of the scenario that we requested in our Reply Comments dated May 28, 2021. In our comments, we argued that advancing the assumptions from Scenario 3 but using a PAC test would be the most appropriate representation of EE potential at this point in time. In reviewing results from Table 3 of the July 22nd Guidehouse memo, we observed that both Scenarios 2 and 3 show a roughly 40% decline in first year electric savings relative to Table 3 from the July 13th results. While we do not have a basis to question the validity of those differences, these results merely confirm our concerns that using the 2021 ACC results in significantly lower EE potential. If the Commission were to set savings goals for the 2024-2032 period based on these results it would have disastrous consequences for California's EE industry. California will fall further behind in terms of achieving SB 350 doubling goals by 2030 and more importantly we would lose ground in our urgent fight to reverse the effects of climate change. Further, our state's EE delivery infrastructure will be decimated for many years to come with thousands of jobs in the state being permanently lost and ratepayers left with higher bills.

IV. COUNCIL RESPONSES TO ALJ'S QUESTIONS

The Council offers the following responses to ALJ Kao's specific questions.

1. Proposed hybrid approach to setting goals for 2022-2032: The Council agrees with the first part of the Commission's hybrid proposal for the 2022-2023 goal setting period. The Council disagrees with the second part of the hybrid proposal for the 2024-2032 goal setting period. Our rationale for this position is articulated above. Rather, we recommend that the Commission engage stakeholders to explore a variety of options that would comprise alternative scenarios, including potentially a high scenario with a PAC test. Alternatively, the Council supports the Commission (and stakeholders) exploring appropriate adjustments to how the TRC test addresses certain costs and benefits. We believe that in the new era of pay-for-performance third-party delivered EE programs there is sufficient justification to reexamine the basis by which participant costs are counted in the TRC test. Furthermore, we have concerns that the current TRC approach for

measuring benefits does not take into account the entirety of benefits that are envisaged with the new TSB metric. The Council stands ready to immediately support the Commission in whatever appropriate efforts can be established to bring about these and other changes to the treatment of cost-effectiveness for the 2024-2032 goal setting period.

2. Scenarios: For the reasons we have already indicated in our May 21, 2021 Opening Comments, the Council strongly urges the Commission to set savings based on Scenario 3 for the 2022-2023 and 2024-2032 timeframes. We believe that Scenario 2 (which the Commission has historically used as the basis for setting goals) does not adequately reflect the significant savings opportunities that are reflected in the high scenario. Furthermore, we believe that an alternative treatment of participant costs and a more robust consideration of benefits that are in keeping with the TSB metric within the TRC framework will be essential for the period of 2024-2032.

V. CONCLUSION

The Council looks forward to working with the Commission and other stakeholders to immediately address the various challenges that we have identified in our comments.

Respectfully submitted,

July 30, 2021

/s/ SERJ BERELSON

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