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 PROPOSED DECISION REGARDING ENERGY EFFICIENCY ACTIONS TO
ENHANCE SUMMER 2022 AND 2023 ELECTRIC RELIABILITY**

Dated: November 18, 2021

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I. INTRODUCTION

The California Efficiency + Demand Management Council[1] ("The Council") respectfully submits these Opening Comments on the Proposed Decision Regarding Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability ("Proposed Decision" or "PD"), mailed in R.13-11-005 (Energy Efficiency Rolling Portfolio) on October 29, 2021. 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. BACKGROUND & OVERVIEW

The Council is a statewide trade association of non-utility businesses and organizations that provide energy efficiency ("EE"), demand response ("DR"), distributed energy resources ("DER") and data analytics services and products in California. Our member companies and organizations employ many thousands of Californians throughout the state. They include EE, DR, DER, and grid services technology providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training.

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

III. SUMMARY

The Council appreciates the opportunity to provide comments on this PD, which we wholeheartedly and enthusiastically support as a response to the Governor's July 30th Proclamation ("Proclamation"). We are thrilled to see the Commission undertake exactly the kind of bold action necessary to enable EE to contribute to a more resilient electric grid by driving meaningful demand reductions at scale. In these comments we provide recommendations to ensure peak-focused projects are deployed rapidly. These recommendations include expediting Custom Review and site-specific Normalized Metered Energy Consumption ("NMEC") processes, broadening eligibility for NMEC projects, suspending onerous data collection requirements for heating, ventilation, and air conditioning ("HVAC"), plug load and appliances ("PLA"), and smart powerstrips, and extending the validity of the smart powerstrip workpaper beyond 2022, and accounting for the costs of managing the Market Access program.

IV. THE COUNCIL STRONGLY SUPPORTS THE PROPOSED DECISION

As stated above, The Council strongly supports the PD. It responds to calls from a wide range of stakeholders to enable robust deployment of peak demand-focused EE projects in response to the Proclamation. The necessary incremental programs this PD creates –notably the Market Access program and the new single stage third-party solicitations– will allow program administrators ("PAs"), third-party implementers, and other stakeholders to drive meaningful peak demand savings that will improve the health of our grid. Further, the critical considerations the Commission has made to cost-effectiveness will ensure that the full arsenal of clean energy resources are brought to bear in preparing for the future. The Council wishes to underscore the need for consistent implementation of the rules governing peak demand-focused EE programs across PAs and throughout the state. In our experience, driving market change requires consistent rules for consistent success. We urge the Commission, in its oversight capacity of the PAs, to encourage consistency that fosters rapid, robust, and sustainable deployment of programs.

The Council wishes to make clear that while we celebrate the necessary cost-effectiveness relief provided by this PD to enable peak-focused programs that alleviate near-term grid issues, The Council is in no way opposed to prudent cost-effectiveness assessment. We seek accurate assessment of the costs *and* benefits of ratepayer fund expenditure and remain focused on driving structural cost-effectiveness reform that will achieve this aim – such as transitioning to the Program Administrator Cost ("PAC") test. As The Council stated in its Opening Comments on the Administrative Law Judge's Ruling Requesting Energy Efficiency Comments/Proposals To Address Governor's Proclamation of July 30, 2021, the EE industry is ready to take on the challenge of enabling EE to more effectively reduce peak demand; this PD ensures our industry is able to do so. It is imperative that the Commission retains intact the core aspects of this proceeding –notably including funding levels and cost-effectiveness considerations– in order to foster a robust market of peak demand-focused energy efficiency efforts.

V. EXPEDITED APPROVAL PROCESS FOR PEAK DEMAND PROJECTS REQUIRES GREATER SPECIFICITY & TECHNICAL CHANGES

The Council appreciates the PD's assertion that, "Commission staff will prioritize the review of any custom projects selected for review if they have summer reliability impacts, through at least the summer of 2023."[2] The Council recommends that the PD provide additional specificity regarding PA and CPUC expedited review timelines of the initial submission of project applications and the ultimate approval for Custom and site-specific NMEC projects in order to ensure that any and all projects driving peak demand are implemented quickly to deliver impact in 2022 and 2023.

The Council recommends that all Custom and site-specific NMEC projects that contribute peak kW savings be given expedited priority for review and approval. To accomplish this, we propose that any Custom or site-specific NMEC project submission that contributes to peak kW savings must be fully reviewed by the PA within 15 business days of a complete submission by the program implementer. If the PA misses the 15 business day deadline for review, then the project will be considered automatically approved and allowed to proceed. Furthermore, once the PA submits a project application to the CPUC for approval, the CPUC should determine within 5 business days if the project will be subject to an additional review by the CPUC ex ante team. Combined, these steps will reduce the approval timeline by 3 – 4 weeks for CPUC review and implement a requirement for timely review by the PAs.

[2] Proposed Decision, at pp. 35–36.

In order to ensure these specific timelines are adhered to, with the end goal of expediting programs, The Council recommends that an Ordering Paragraph be added as follows (and as shown in Appendix A of these opening comments):

> NEW. All energy efficiency Program Administrators are required to complete project application review of all Custom and site-specific NMEC projects with peak kW savings within 15 business days of receipt of complete project submission from Program Implementer. Projects meeting approval must be tagged as peak savings projects and submitted to the CPUC for review within that 15 day period. CPUC and its reviewers will identify all selected Custom and site-specific NMEC projects for review within 5 business days, providing automatic approval for those not selected. Selected projects will be reviewed and disposed of within 15 business days.

Further, it is imperative that Custom projects not be delayed for Industry Standard Practice ("ISP") studies. For example, a project may require an ISP study, but no projects should be held up pending completion and documentation of an ISP study in a statewide ISP database. Doing so would effectively allow an existing conditions baseline for anything that is not covered by Title 24 and does not already have an ISP study. Similar to The Council's comments above, expediting peak-focused Custom projects is critical to meeting grid needs in coming years; presuming projects will drive the projected savings (as opposed to presuming they will *not*, e.g. a "guilty until proven innocent" approach) will accelerate the deployment of critical projects.

Similarly, The Council recommends the Commission direct Energy Division to implement a number of technical improvements which have been recommended by numerous stakeholders –including The Council– over the past year for Custom and site-specific NMEC processes. Specific recommendations include:

- Allow peak demand-focused projects for industrial processes using the site-specific NMEC path to proceed.
- Amperage data (as opposed to "true power") should be deemed sufficient for any non-high-rigor project where data logging is appropriate.
- Suspend requirements for air compressors to log true power regardless of the size.
- Revise and streamline data logging rules to reduce safety and accuracy data issues, and suspend non-IOU fuel analysis requirements.
- Suspend sustainability policy requirements which are erroneously being used as a proxy for program influence.

Making these changes will significantly increase the volume of peak demand-focused Custom and site-specific NMEC projects that program implementers can deploy, thereby meaningfully reducing our state's grid constraints.

VI. SUSPEND ONEROUS DATA COLLECTION REQUIREMENTS FOR HEATING, VENTILATION, AND AIR CONDITIONING ("HVAC"), PLUG LOAD AND APPLIANCES ("PLA"), AND SMART POWERSTRIPS, AND EXTEND THE VALIDITY OF THE SMART POWERSTRIP WORKPAPER BEYOND 2022

As noted in our Opening Comments on the Administrative Law Judge's Ruling Requesting Energy Efficiency Comments/Proposals to Address Governor's Proclamation of July 30, 2021, suspending onerous data collection requirements for HVAC, PLA, and smart powerstrips will enable meaningful peak demand reduction quickly and without adding additional program structure or budgets. Currently, program administrators using workpaper SWAP010-01 for Smart Connected Powerstrips must get Southern California Edison and CPUC approval of a data collection plan. The template provided in Database of Energy Efficiency Resources ("DEER") requires a level of data collection that is not practically feasible and is preventing the deployment of this technology. This action would directly align with Ordering Paragraph 16 stating "It is reasonable for Commission staff to prioritize review of workpapers related to programs that will produce summer reliability benefits and consideration of site-level NMEC changes in 2022 and 2023."

Similarly, customer-level data collection requirements for mid and upstream HVAC and PLA measures at the retail, distributor, and manufacturer levels inhibit uptake of valuable measures that can provide meaningful demand savings.[3] These data collection requirements should be suspended through the end of 2023 in order to unlock the full potential of these measures to reduce peak demand. Reducing undue downstream data collection requirements will enable increased volume in those programs which have a high concentration of measures that address residential and commercial peak demand (e.g. HVAC, appliances etc). Delaying implementation would not increase already allocated budgets/contracts or require a new program or solicitation but could instead result in 10-20% increases in volume in these programs. Finally, given these measures will be deployed through existing or imminently launching programs, this peak reduction could be delivered reliably in advance of summer 2022.

[3] CPUC Resolution E-5152.

VII. FINDING OF FACT 7 SHOULD BE AMENDED TO ACCOUNT FOR MANAGEMENT COSTS

As stated above, The Council strongly supports the implementation of the Market Access program as defined in the PD. As part of this implementation, The Council recommends Finding of Fact 7 be augmented to acknowledge that costs to manage the market may be paid prior to savings achieved. For example, in the MCE Commercial FlexMarket the payment to aggregators is the value of the project (expressed in net peak demand savings and Total System Benefit) less the cost of bringing in aggregators, eligibility checks, project tracking and monitoring, audit grade settlement documentation, and reporting. This is taken out of the total value of the project on a proportional basis – but is paid as projects are initiated. Currently, Finding of Fact 7 reads:

> 7. Under the Market Access program adopted in this decision, funds will only be expended on projects that demonstrate actual energy savings using NMEC methods

The Council suggests it be revised as follows (and as shown in Appendix A):

> 7. Under the Market Access program adopted in this decision, funds will only be expended on projects that demonstrate actual energy savings using NMEC methods, <u>and the associated costs for market management including tracking, settlement, and maintaining auditable records all of which represent a portion of project cost</u>.

It is critical that the expenditures for the Market Access program consider the costs not only of programmatic activities themselves, but also the other value added activities that are associated with this implementation model.

VIII. CONCLUSION

The Council thanks the Commission for considering our Comments and looks forward to the bright future for EE this PD helps facilitate.

Respectfully submitted,

November 18, 2021

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APPENDIX A

THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS FOR THE PROPOSED DECISION REGARDING ENERGY EFFICIENCY ACTIONS TO ENHANCE SUMMER 2022 AND 2023 ELECTRIC RELIABILITY

The California Efficiency + Demand Management Council ("the Council") proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the Proposed Decision Regarding Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability, mailed in R.13-11-005 (Energy Efficiency) on October 29, 2021 (Proposed Decision).

Please note the following:

- A page citation to the Revised Proposed Decision is provided in brackets for each Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as "**NEW**" in **bold,** underscored capital letters.

FINDINGS OF FACTS:

7. [44] 7. Under the Market Access program adopted in this decision, funds will only be expended on projects that demonstrate actual energy savings using NMEC methods**, and the associated costs for market management including tracking, settlement, and maintaining auditable records all of which represent a portion of project cost.**

ORDERING PARAGRAPHS:

NEW. All energy efficiency Program Administrators are required to review all customer and NMEC projects with peak KW savings within 15 business days of receipt of complete project submission from Program Implementer. Projects meeting approval must be tagged as peak savings projects and submitted to the CPUC for review within that 15

day period. CPUC and its reviewers will identify all selected custom and NMEC projects for review within 5 business days, providing automatic approval for those not selected. Selected projects will be reviewed and disposed of within 15 business days.