



## ENERGY EFFICIENCY & DECARBONIZATION COMMITTEE 10/17/22

### Agenda

1. Update: Council Reply Comments: A.22-02-005 (Natural Gas EE Incentives)
2. Recap: Presiding Officer's Decision re: SCE and mismanagement of EE Program
3. Building Decarb Comments: R.19-01-011 (Permissible Refrigerants)
4. CEC / DOE Guidance

### Meeting Notes

1. **Update: Council Reply Comments: A.22-02-005 (Natural Gas EE Incentives)**
  - On October 3, the Council submitted [reply comments](#) to [A.22-02-005](#) re: the CPUC's Staff Proposal on natural gas EE incentives. You can find the Council's September 23 Opening Comments [here](#).
  - The Council focused on a key issue in our reply comments:
    - The definition of viable electric alternatives (VEAs) should be based on a combination of benefit-cost analyses and distributional equity analyses, and
    - The Council focused on the potential impacts the definition of VEA could have on energy equity. To ensure there is a substantial focus on equity matters when defining VEAs, and advancing the State's decarbonization goals, the CPUC should take into account distributional equity analyses.
      - This is because there are limitations on the analysis benefits of benefit cost analyses (BCAs) particularly when taking energy equity into account.
  - Ultimately, the Council recommends the CPUC adopt DEAs when defining VEAs.

2. **Recap: Presiding Officer's Decision re: SCE and mismanagement of EE Program**

- Taken from the Council's October 7 newsletter:

[Presiding Officer's Decision Ordering Remedies for SCE's Mismanagement of the 2017-2019 Energy Efficiency Upstream Lighting Program](#)

On September 9, ALJ Fitch issued a [Presiding Officer's Decision](#) Ordering Remedies for SCE's Mismanagement of the 2017-2019 Energy Efficiency Upstream Lighting Program. This decision

finds that SCE mismanaged its energy efficiency upstream lighting program from 2017 through 2019 and failed to ensure that efficient light bulbs were tracked and sold as intended by the program design. As a result, ratepayers funded significant program efforts that resulted in unaccounted-for light bulbs that were reported to have been shipped to grocery and discount stores, but could not be verified to have produced (or have even had the potential to produce) energy savings.

To remedy this situation, this decision requires the following financial compensation from SCE:

- \$76.1 million in program funding shall be credited to ratepayers for the administrative costs and the incentives costs of the light bulbs that could not be accounted for.
- \$6.8 million in shareholder incentives through the Efficiency Savings and Performance Incentive (ESPI) mechanism shall be refunded.
- \$19.06 million in fines shall be paid to the State's General Fund for violations of Rule 1.1 of the Commission's Rules of Practice and Procedure.

This decision concludes the adjudicatory phase of this proceeding related to SCE's upstream lighting program, but the rest of the proceeding remains open. Appeals to the Presiding Officer's Decision are due on October 10.

### **3. Building Decarb Comments: R.19-01-011 (Permissible Refrigerants)**

- On September 26, the CPUC issued a [ruling](#) (under docket [R.19-01-011](#)), in part, asking for stakeholder feedback on two matters regarding the Legislature's recent extended and expanded funding of the TECH Program:
  - How the CPUC should use additional funding from the budget allocation for the TECH Program, and
  - Whether any changes should be made to the implementation or design of the TECH Program.
- Comments are due October 17, 2022. Despite supporting efforts re: this additional funding for the TECH Program during the Legislative Session, the Council decided not to submit comments on this matter.
- At the time of crafting these notes, a few stakeholders had submitted comments, including [SBUA](#), [Sierra Club](#), and [SCE](#). The Council has not analyzed these comments at this time.

### **4. CEC / DOE Guidance**

- On October 17, the CEC issued guidance for the installation of air conditioners and heat pumps using the new federal efficiency rating system
- The Guidance addresses projects permitted under the 2019 Building Energy Efficiency Standards (Energy Code) in cases where the projects have specified Seasonal Energy Efficiency Ratio (SEER) rated equipment in the design, but the equipment installed uses a SEER2 rating.
- The Department of Energy's (DOE) [published final rule](#) of increased efficiency standards for residential air conditioners and heat pumps takes effect on January

1, 2023 The [updated DOE test procedure \(PDF\)](#) is used to determine new product efficiency ratings and is intended to be more representative of installations in homes. As part of the update, SEER, energy efficiency ratio (EER), and heating seasonal performance factor (HSPF) ratings will no longer be used and will be replaced by new ratings SEER2, EER2, and HSPF2. This new system of measurement will apply to all single-phase air conditioners and heat pumps less than 65,000 Btu per hour.

- Air conditioners that are installed in California on or after January 1, 2023, must comply with the new standards. Heat pumps are allowed a sell-through provision where the new standards apply to products manufactured on or after January 1, 2023. HVAC manufacturers have been preparing for these changes and have products using the SEER2, EER2, and HSPF2 ratings.
- In a scenario where SEER rated equipment is specified in the project design on the residential certificate of compliance (CF1R) and equipment with only a SEER2 rating is installed and reported on the certificate of installation (CF2R), Table 1 may be used to convert the manufacturer's SEER2 rating value to a SEER rating value to determine if the installed equipment is compliant with the Energy Code.
- The installer performs the conversion when completing the CF2R. The actual SEER2 rating value must be included in the form notes as "SEER2 rating = XX.X" and the converted SEER rating value must be entered in the efficiency value field.
- The building official must be able to confirm that the SEER2 rating of the equipment installed on site matches the SEER2 rating value included in the form notes and that the SEER rating value is converted accurately using Table 1.
- The same method described above can be used to demonstrate compliance for the EER2 and HSPF2 ratings.
- The Energy Standards Hotline ([title24@energy.ca.gov](mailto:title24@energy.ca.gov)) is available to help with Energy Code (Title 24, Part 6) questions.

## Next Meeting

Our next EE & Decarb Committee meeting is scheduled for **Monday November 21 at 2 p.m.**