CALIFORNIA

Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

Monthly Member Readout

February 3, 2023

REC

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Today's Agenda

Council News

- EM&V Forum: February 15, 2023
- What's Coming Up
- Solicitations
- Capitol Update

Issues/Topics

- Update: CPUC's Decision: Third Party Solicitations + (R.13-11-005)
- Takeaways from CEC Workshop: DSGS + DEBA
- Council Response to CEC RFI: Equitable Building Decarbonization Program
- Quick Updates

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The Council's EM&V Forum

CALIFORNIA Efficiency + Demand Management COUNCIL

Wednesday, February 15, 2023 | David Brower Center, Berkeley, CA

In-person with Online Viewing Option

AGENDA:

10:00 – 10:15 am: **Welcome**

10:15 – 11:00 am: **Market Transformation – The Big Picture**

11:00 – 12:10 pm: **Innovation in Energy Efficiency Programs and Policy**

1:10 – 1:50 pm: **Market Access Programs (MAP)**

1:50 – 2:35 pm: **Measurement, Data Access and Analytics – A Look Ahead**

2:55 – 3:25 pm: **Normalized Meter Energy Consumption**

3:25 – 4:15 pm: **Metrics for Evaluating Programs and New Initiatives**

4:15 – 4:45 pm: **Open Mic**

4:45 – 6:30 pm: **Networking Reception**

Registration + more information here

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What's Coming Up

- **2/09: CEC IEPR Staff Workshop: Gas Demand & Rate Forecasting Information Forms & Instructions**
  - 1:00 p.m. - 5:00 p.m.
  - Zoom; 1(888) 475-4499 | Meeting ID: 856 4668 2165 | Passcode: 2023
- **2/10: CEC Clean Transportation Program Proposed Workforce Investments & Activities Workshop**
  - 9:00 a.m. - 12:00 p.m.
  - Zoom; 1(888)475-4499 | ID: 838 3111 2940
- **2/14: CPUC/CA Energy Codes & Standards Single Family & Multifamily, Nonresidential Stakeholder Meeting**
  - 9:30 a.m. - 4:00 p.m.
  - Register here
- **2/16: AESP-CA+ CEDMC DER Aggregation Webinar Series, Session 3: Aggregating Demand-Side Resources for Resiliency and Reliability– Off-Market Approaches**
  - 12:00 p.m. - 1:00 p.m.
  - Register here
- **2/28: CEC New Adoption Hearing Date for the Proposed Repeal of Portable Luminaires Regulations**
  - Further details to be provided here
- **3/09: AESP-CA+ CEDMC DER Aggregation Webinar Series, Session 4: Building Decarbonization: Aggregating Energy Savings to Drive Sustainability in the Built Environment**
  - 12:00 p.m. - 1:00 p.m.
  - Registration coming soon
- **3/23: AESP-CA+ CEDMC DER Aggregation Webinar Series, Session 5: Transportation Electrification: Vehicles & Charging Infrastructure and Their Impact on the CA Grid, with a focus on Flexible Capacity**
  - 12:00 p.m. - 1:00 p.m.
  - Registration coming soon
- **4/06: AESP-CA+ CEDMC DER Aggregation Webinar Series, Session 6: Distributed Generation/DER Options for End-Users**
  - 12:00 p.m. - 1:00 p.m.
  - Registration coming soon

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Open Solicitations

2/07/23: CEC RFP-22-803 due: Demand Scenarios Project Q&A now available for RFP-22-803 Demand Scenarios Project
2/21/23: CEC RFP response due: cloud platform provider for VGI Pilots (extended)
2/22/23: RCEA RFQ submittal due for CPUC Registered DR Providers/Aggregators (RFQ-23-601)
2/23/23: CEC RFP-22-802 due: Commercial Forecast Model Update
2/23/23: CEC GFO-22-503 Gas Pipeline Safety and Integrity Research to Support Decarb
3/01/23: CEC RFQ-22-401 due: Flexible Demand Appliance Standards Advanced Research and Proposal Development
3/14/23: SDCP & CPUC: RFP response due: EE Business Plan Application Development Support Services
5/01/23: CEC GFO-21-402 submissions due: CA Automated Permit Processing Program

March '23: SCE anticipated release of RFP for "Local: Portfolio Gap-filling Solicitation – Scope TBD"

Ongoing: EE program 3P solicitation information and links found on the CAEECC Website

DOE: Funding Opportunity Exchange

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Capitol Update from the Council Lobbyists

Erin Niemela

Tiffany Phan

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Update: CPUC's Decision: Third Party Solicitations + (R.13-11-005)

- In our last Monthly Member Readout - we provided a breakdown of the CPUC's solicitation for feedback re: third party solicitations (and many other issues) through an extensive series of questions.
- The Council submitted opening comments in August.
- The CPUC released a proposed decision on December 20 with generally beneficial proposals. Key components of the PD (relative to Council support in opening comments):
  - Removing requirements for performance assurances as a starting point for contract negotiation;
  - Requiring cybersecurity insurance only when deemed necessary;
  - Removing the requirement for a two-stage solicitation process;
  - Updating the definition of diverse business enterprise to include businesses owned by persons with disabilities;
  - Clarifying financial conflict of interest rules for procurement review group members;
  - Requiring a consistent methodology to account for administrative costs associated with third-party contracts;
  - Allowing the use of strategic energy management approaches beyond the industrial sector; and
  - Adopting data sharing requirements for Commission-authorized energy efficiency programs

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Update: CPUC's Decision: Third Party Solicitations + (R.13-11-005) (cont.)

- Since our last update, the Council submitted opening comments to the PD on January 13; effectively advocating for the following modifications to the PD:
  - Clearly define criteria that qualifies and quantifies Performance Assurance risks to ratepayers;
  - Establish consistent analysis criteria for when IOUs require cybersecurity insurance as part of a contract agreement;
  - Remove the stated preference for the Total System Benefit ("TSB") metric;
  - Require the final annual development report to capture stakeholder feedback and discuss why certain suggestions or perspectives were not incorporated into the final report; and
  - Require a more thorough and thoughtful communication process for unsuccessful bids.

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Update: CPUC's Decision: Third Party Solicitations + (R.13-11-005) (cont.)

- On January 31, the CPUC issued their decision, either incorporating or generally responding positively to the Council's recommendations made in our January 13 opening comments:
  - **Performance Assurances (Securities):** If the Performance Assurance requirements from pay-for-performance contracts are not eliminated, the Council suggests the Proposed Decision be revised to clearly define criteria that qualifies and quantifies risks to ratepayers, including assessing the financial impacts that warrant the increased cost of pricing in Performance Assurances into EE contracts
    - NEUTRAL: *While we do not explicitly order this here, we do expect Commission staff will continue to monitor the inclusion of performance assurances in contracts and we will consider further action if this continues to create a barrier, particularly for disadvantaged or small businesses.*
  - **Cybersecurity Insurance Requirements**: If the Proposed Decision is not be revised to replace cybersecurity insurance requirements with consistent, statewide, industry standard security certifications requirements then the Council suggests establishing consistent analysis criteria for when IOUs require cybersecurity insurance as part of a contract agreement.
    - NEUTRAL/UNSUCCESSFUL: *Here again, we note that Commission staff is aware of the issues, but we will not impose additional criteria in this decision.*
  - **Update to Terms and Conditions to Reflect TSB Requirements:** The Council continues to recommend clarifying there is not a preference for the TSB metric before 2024 and ahead of the availability of measurement and verification infrastructure.
    - SUCCESS/NEUTRAL: *We have clarified in this decision that energy savings metrics are also acceptable to be used in third-party contracts*

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Update: CPUC's Decision: Third Party Solicitations + (R.13-11-005) (cont.)

- **Funding and Representation from Non-IOU Administrators:** The Council suggests the Proposed Decision be modified incorporate a stakeholder comment analysis structure in the annual development report. The Council ultimately suggests the final annual development report must capture stakeholder (including implementer) feedback and discuss why certain suggestions or perspectives were not incorporated into the final report.
  - SUCCESS: *The report will also be required to include a summary of suggestions or perspectives offered by stakeholders, along with reasons why the suggestions were or were not adopted for implementation.*
  - *CEDMC continues to request that we add the implementers to the Reporting PCG that is overseeing the database tools. We continue to decline that request, but do accept, in revised language, CEDMC's suggestion to incorporate a stakeholder analysis structure in the annual development report for the database tools, discussing the disposition of suggestions or perspectives offered by stakeholders and why they were or were not incorporated.*

- **Incorporate Feedback for Failed Bids**: (including a list of asks to improve communication following the failure of a bid).
  - *NEUTRAL: CEDMC also asks us to further specify feedback required to be provided to unsuccessful third-party bidders. We support constructive feedback being offered to unsuccessful bidders, and encourage the IOUs to provide such feedback, but prefer not to specify all of the requirements recommended by CEDMC. We will continue to monitor this process and consider making further requirements in the future, if necessary.*

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Takeaways from CEC Workshop: DSGS + DEBA

- On January 27, the CEC hosted a two-session workshop:
  - Session 1: Demand Side Grid Support Program (“DSGS”)
  - Session 2: Distributed Electricity Backup Assets Program (“DEBA”)

DSGS:

- The DSGS compensates eligible and enrolled participants for upfront capacity commitments and per-unit reductions in net energy load during extreme events achieved through reduced usage, use of backup generation, or both.
- The DSGS was formed and updated in two separate bills during the 2022 legislative session.
- On August 10, 2022, the CEC adopted guidelines to implement the DSGS
  - These guidelines did not align with the updates made to the DSGS in AB 209; expanding program eligibility: “may include all energy customers in the state, except those enrolled in demand response or emergency load reduction programs offered by entities under the jurisdiction of the Public Utilities Commission.”
  - Effectively - this opened a previously POU-only program to be eligible for IOU customers as well.

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Takeaways from CEC Workshop: DSGS + DEBA (cont.)

- The DSGS policy goals and considerations are significantly beneficial:
  - Ensure Resource Adequacy and CAISO wholesale market participation over emergency programs
  - Maximize incremental capacity and load reduction from demand-side resources
  - Ensure high performance under peak & critical conditions
  - Promote regular & active participation of clean resources in wholesale energy markets
  - Provide alternative pathway for non-ISO customers and customers facing integration barriers
  - Grow DR and DER markets
  - Provide incentive parity between resource types
  - Simplify administration during and after emergencies
  - Reduce ratepayer impacts
  - Minimize combustion resource use outside of emergency conditions
- However, there are differences in interpretation in what the updates to the DSGS could mean. The Council is working with Members on comments to submit to the CEC by the 2/17 deadline.

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Takeaways from CEC Workshop: DSGS + DEBA (cont.)

Potential DSGS Guideline Modifications: Eligibility and Enrollment

	Current Guidelines	Potential Modifications

Eligibility	• Open only for customers in POU territory (AB 205)	• Exploring expansion to certain IOU customers (AB 209)
		  • Customers using backup generators
		  • Water agencies (e.g., water utilities, wastewater facilities, irrigation)
		  • Demand response incremental to CPUC programs

Enrollment	• POUs enroll directly with CEC, customers enroll with POU • Aggregators of customers must enroll as participants with a POU	• Incorporating aggregators of customers as DSGS providers, with host utility visibility • Allowing customers to directly enroll, with host utility visibility

- There are differences in interpretation in what the updates to the DSGS could mean.
- The Council is working with Members on comments to submit to the CEC by the 2/17 deadline.

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Council Response to CEC RFI: Equitable Building Decarbonization Program

- The Equitable Building Decarbonization Program ("EBDP") is intended to reduce greenhouse gas (GHG) emissions in homes and advance energy equity. It is split into two different programs:
  - Direct Install Program: provides low-or-no-cost decarbonization retrofits to low- and moderate-income households.
  - Statewide Incentive Program: incentivizes the increased adoption of low-carbon technologies; 50% of funds must benefit under-resourced communities.
- In 2022 - the Legislature passed significant funding for EBDP:

Program Equitable Building Decarbonization Program (EBDP)	**Funding** $922 Million through FY 2026
Summary The EBDP will be implemented through the CEC to advance building decarbonization efforts through appliance incentives and other mechanisms targeted towards low-income and disadvantaged communities. The funding will be broken down as follows: - FY 2022-23: $112 Million - FY 2023-24: $665 Million - FY 2024-25: $53 Million - FY 2025-26: $92 Million	
Reference AB 209 (Ctte on Budget) Sec. 12 | AB 179 (Ting) Sec. 115	

As proposed by the Governor in his January Budget Proposal:

- New Total: $835M through FY 26
- Delays $370M of 2022-24 funds "to future years" and reduction of $87M for 2025-26

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Council Response to CEC RFI: Equitable Building Decarbonization Program (cont.)

- The Council worked with Members to craft a response to the CEC's RFI re: the EBDP.
- The Council focused our responses towards towards leveraging existing opportunities, funding proposals that offer the greatest benefits, and establishing programs and investment channels that succeed well beyond the scope and timeline of the Program.
- Some takeaways from the Council's response re: Direct Install:
  - The Council suggests heavily weighting key criteria that serve the Program's goals to reduce GHG emissions in homes and advance energy equity as well as the Program's objectives, including to encourage resiliency to extreme heat, improve indoor air quality, improve energy affordability, and provide electric grid support.
  - The Council suggests lifting the Energy Commission's proposed area median income ("AMI") threshold from 120% to 150% to align with the AMI threshold in provisions of the Inflation Reduction Act (e.g. the Home Owner Managing Energy Savings Rebate Program) as well as to better reflect the state's relatively high cost of living.
  - The Council also recommends incorporating common program factors that make incentive layering a successful and important component of those programs.
  - The Council encourages the Energy Commission to prioritize incentivizing equipment that is capable of expanding target participants' access to clean energy technology and future programs. The Council also encourages incentivizing more efficient equipment and measures that expand access to other efficient equipment and complementing measures.

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Council Response to CEC RFI: Equitable Building Decarbonization Program (cont.)

- Some takeaways from the Council's response re: Incentive Program:
  - The Council recommends that the 50% threshold to benefit residents living in under-resourced communities remain a floor, or a minimum, rather than general target or maximum.
  - Quantifiable non-energy benefits are important proposal factors for the Energy Commission to take into consideration. In particular, health, safety, and avoided carbon emissions should be considered when evaluating incentive options. These considerations not only likely lead to mitigating energy burdens experienced by residents living in under-resourced communities, but also provide additional social, economic, and health benefits.

- The CEC will incorporate stakeholder input into program design.

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Quick Updates

- The Council submitted the following filings and one comment letter since our last Monthly Member Readout:
  - January 31 – Letter in Support for Appointment of John R.D. Reynolds, Commissioner, California Public Utilities Commission
  - January 30 – R.21-03-010 Council Reply Comments to ALJ Ruling re: Supplier Diversity
  - January 26 – DE-FOA-0002885 – Energy Efficiency Strategy Group Joint Comments to DOE re: Workforce RFI
  - January 20 – 22-DECARB-03 Council Response to CEC RFI re Equitable Building Decarbonization Program
  - January 13 – R.13-11-005 Council Opening Comments re: Proposed Decision Addressing Energy Efficiency Third-Party Processes and Other Issues
  - January 9 – R.22-11-013 Council Opening Comments on the OIR to Consider DER Program Cost-Effectiveness Issues, Data Access and Use, and Equipment Performance Standards
- You can track the Council's filings here in addition to your Member Portal.

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Discussion & Q&A

Thank You!

Please contact us if you have any questions.

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Next Monthly Member Readout: March 3rd

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