BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan (U 39 M).	Application 22-02-005 (Filed February 15, 2022)
And Related Matters.	Application 22-03-003 Application 22-03-004 Application 22-03-005 Application 22-03-007 Application 22-03-008 Application 22-03-011 Application 22-03-012

OPENING COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON PROPOSED DECISION AUTHORIZING ENERGY EFFICIENCY PORTFOLIOS FOR 2024-2027 AND BUSINESS PLANS FOR 2024-2031

June 15, 2023

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I. INTRODUCTION

The California Efficiency + Demand Management Council (the "Council") submits these Opening Comments on the Proposed Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031 ("Proposed Decision"), mailed in this proceeding on May 26, 2023. 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

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.[1] Our member companies employ many thousands of Californians throughout the state. They include energy efficiency ("EE"), demand response ("DR"), and distributed energy resources ("DER") 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, DR, and

[1] 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.

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

III. SUMMARY OF THE COUNCIL'S POSITION

The Council appreciates the opportunity to submit opening comments to the Proposed Decision. The Proposed Decision puts forward several proposals that can deliver substantial benefits to California ratepayers, the grid, and the state's clean energy and climate goals. Some of the Proposed Decision's proposals the Council supports include, but are not limited to (and in no particular order):

A. Generally expanding the use of Normalized Metered Energy Consumption ("NMEC"), including advancing towards further compliance with Senate Bill ("SB") 350 (De León, 2015). However, we raise specific concerns regarding the appropriate expansion of NMEC discussed in "B" of the following section.

B. Continuing program and policy improvements towards equitable access to affordable and reliable energy, programs, and technologies.[2]

C. Expanding Market Access Program ("MAP") approaches.[3]

D. Investing in non-event-based load shifting through leveraged EE budgets.[4]

The Proposed Decision also proposes several problematic policies and policy trends that could negatively impact the delivery of EE benefits statewide. The Council will focus the majority of our Opening Comments addressing the following problematic proposals and offers redlines in Appendix A to the Conclusions of Law ("COL") and Ordering Paragraphs ("OP") where possible and appropriate:

A. A trend towards consolidating, or planning to consolidate, many individual programs to statewide programs that will not benefit from that consolidation, including: the Residential Behavioral Home Energy Reports ("HER"),[5] Residential Audit Programs (or Universal Audit Tool) ("UAT"),[6] Studying the "potential of the Residential MultiFamily and Strategic Energy Management Programs to transition to statewide

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[2] Proposed Decision, at p. 98 (COL 31), 100 (COL 37), and 101 (COL 38).
[3] *Id*., at p. 101 (COL 42)
[4] *Id*., at p. 101 (COL 43)
[5] *Id*., at p. 95 (COL 10)
[6] *Id*.

administration,"[7] and the proposed precedence of statewide programs over non-statewide programs when statewide programs may "overlap with them in the resource acquisition segment."[8]

B. An abrupt shift to requiring NMEC or Strategic Energy Management ("SEM") approaches and de facto restriction of established alternative calculation approaches.[9] The Council also urges the Commission to resolve ongoing and longstanding challenges with custom and site-level NMEC program review and approval processes by authorizing the California Technical Forum ("Cal TF") to accept current review and approval responsibilities. This proposal builds off of our concerns and recommendations regarding this issue as well as our concerns addressed in the next concern, regarding the Portfolio Oversight Group.

C. Establishment of unnecessary and complex review processes through the Portfolio Oversight Group[10] that may not lead to EE program efficiencies or other benefits.

D. The inference that non-equity-specific programs do not deliver non-energy benefits to the equity segment.[11]

IV. POLICY PROPOSAL SUPPORT

A. NMEC Can Bring Program Efficiencies but Should Not Be Required

The Council is generally supportive of expanding the use of NMEC:

> The EE savings and demand reduction reported for the purposes of achieving the targets established pursuant to paragraph (1) shall be measured taking into consideration the overall reduction in normalized metered electricity and natural gas consumption where these measurement techniques are feasible and cost effective.[12]

NMEC can bring great efficiencies to programs and should be authorized for use in all residential and commercial programs where feasible and cost effective. However, as we discuss in Section IV.(A.) of our Opening Comments, the Proposed Decision's proposal to require the use of NMEC (as well as randomized control trials or SEM) is problematic.

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[7] Proposed Decision, at p. 95 (COL 11).
[8] *Id.*, at p. 101 (COL 45).
[9] *Id.*, at p. 98 (COL 30).
[10] *Id.*, at p. 96 (COL 19).
[11] *Id.*, at p. 98 (COL 28)
[12] SB 350, Sec. 25310(c)(5).

B. <u>Most Equity-Related Provisions in the Proposed Decision Pose Benefits</u>

The Council supports expanding and accelerating equitable access to affordable, clean, and reliable energy. An equitable energy system[13] is particularly crucial when considering the state's policies and goals towards achieving a decarbonized economy. Without addressing equitable access to clean energy policies, incentives, programs, and other opportunities, the state's more vulnerable and disadvantaged communities will likely face inequitable costs and challenges associated with decarbonizing our economy.

Equity segment programs can deliver substantial benefits to hard-to-reach communities and disadvantaged communities. However, the Council would like to underscore that non-equity segment-specific programs often deliver benefits to hard-to-reach communities and disadvantaged communities.[14] The Council encourages any equity segment program related proposals in the Proposed Decision to further enable and expand the delivery of benefits through both equity segment programs as well as non-equity specific programs that are capable of delivering benefits to hard-to-reach communities and disadvantaged communities, but are not limited to serving only those customers. Refer to Section D. in the following concerns section for further discussion on this issue.

C. <u>Support for Expansion of Market Access Program ("MAP")</u>

The Council supports the Proposed Decisions proposal to "make MAP approaches available to address residential and commercial downstream retrofit opportunities in their territories."[15] MAP provides hourly EE benefits at peak demand hours, mitigating grid stresses and relieving cost pressures on customers. MAP enables access to untapped EE benefits for commercial customers. The benefits of leveraging metered performance and open measurement and verification methods should be available across programs and across the state, where and as appropriate. The Council also acknowledges that the MAP programmatic approach is relatively new and will benefit from evaluation of energy savings and performance.

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[13] An equitable energy system is one where the economic, health, and social benefits of participation extend to all levels of society, regardless of ability, race, or socioeconomic status. Achieving energy equity requires intentionally designing systems, technology, procedures, and policies that lead to the fair and just distribution of benefits in the energy system.

[14] *See, e.g.,* D.21-05-031 (Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process), issued in R.13-11-005 on May 20, 2021.

[15] Proposed Decision, at p. 101 (COL 42).

D. Non-Event Based Load Shifting is Important to Decarbonizing the Economy

The Council supports the Proposed Decision's proposal to permit each Portfolio Administrator ("PA") to "set aside up to 2.5 percent of their energy efficiency budget or $15 million, whichever is less, for ongoing load shifting that is not event based."[16] Load shifting can provide system-wide benefits including, but not limited to: avoided renewable generator curtailment; energy cost reductions; emission reductions; system resilience; transmission capacity; distribution system services; and customer bill savings. The Council echoes the sentiments[17] by Regulating Agencies and other leaders at the Energy Commission's ("CEC") April 19, 2023 Lead Commissioner Workshop: SB 846 Load Shift Goal.[18] Generally, it was stated that load-shifting and other demand side resources are not just critical to mitigating the impacts of extreme summer heat events on the grid but are of growing significance to decarbonizing the state's economy effectively, affordably, and reliably.

The findings of the Kevala Electrification Impacts Study[19] ("EIS") highlight the importance of and complimentary operations of EE and load shifting programs and services to mitigating significant cost impacts of electrification and decarbonization year-round. The EIS forecasts the potential for $30 - $50 billion in distribution grid investments by 2035 if measures beyond the current scope are not taken to explicitly mitigate costs and manage load.[20] Load shifting, and demand management will play an important role in shifting net peak demand to times when energy is cheaper, cleaner, and more bountiful.

The Council supports the Proposed Decision's proposal to authorize EE funds to enable non-event-based load shifting. However, the Council finds substantial benefits in load shifting and suggests the Commission consider raising or eliminating the 2.5% or $15 million threshold during the next EE Portfolio and Business Plan cycle.

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[16] Proposed Decision, at p. 101 (COL 43).
[17] The recording of the SB 846 Workshop on Load Shift Goal which can be found here: https://energy.zoom.us/rec/share/FFjXozhY_p_Nb2EUBI3FxNtrhhAgKbJcthcPgrFy0nggLlUM-9Cyu7WupyIrAHM4.YA_jTzDYg1wvusFk
[18] Council Response to April 19, 2023 SB 846 Load Shift Goal – Lead Commissioner Workshop, submitted in CEC Docket 21-ESR-01 on May 3, 2023.
[19] Administrative Law Jude's Ruling Setting a Workshop, Admitting into the Record Part 1 of the Electrification Impacts Study and Research Plan, and Seeking Comments, submitted in R.21-06-017 (High DER Grid) on May 9, 2023 – Attachment 2 which is the Kevala Electrification Impacts Study Research Plan.
[20] *Id.*

V. RESPONSE TO SPECIFIC POLICY PROPOSAL CONCERNS

A. Retain Program Flexibility and Successes by Preserving Regional Administration Where Appropriate and Avoiding Statewide Consolidation of Programs Where Inappropriate

The Council is troubled with the Proposed Decision's general trend towards a "one size fits all approach," in part, by shifting several programs to a statewide administration where that change may not be beneficial. Some programs benefit from a statewide application to more efficiently and effectively invest dollars and distribute benefits. For example, the CEC's Portable Luminaires standards has effectively achieved its general objectives and has transformed the lighting market "in such a way that all lighting products installed in portable luminaires being sold or offered for sale in California are energy efficient even without the portable luminaires regulations in place."[21] The program was designed to operate at a state level and realized statewide economic and energy efficiencies.

However, there are many programs that efficiently and effectively operate as regional programs. Shifting those programs to be administered statewide hinders programs that deliver benefits that are unique to or uniquely serve the individual needs of those communities and customers. Furthermore, a statewide approach does not always benefit program operational efficiencies, and could instead result in PA or customer confusion, missed customer and administrator opportunities, and increased costs at the risk of supposed efficiency.

Specifically, the Proposed Decision proposes the Residential Behavioral HER and Residential Audit Programs (or UAT) "should be transitioned to become statewide programs over the next two years…"[22] Those proposals are based, at least in part, on the faulty assumption that HER and UAT are "already delivered in a highly uniform fashion across the state."[23] The Council's knowledge of and Member experience with the HER and UAT programs in particular is that each program contains important differences between investor-owned utility ("IOU") service areas. For example, HER and UAT programs involve data integrations with each IOU. Those integrations include elements within the IOU websites, IOU-specific branding, and marketing approvals of the content of outbound customer communications, all of which needs to happen at the IOU level and cannot be streamlined in a statewide context. Specific examples of

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[21] Initial Statement of Reasons submitted in CEC Docket number 22-AAER-02 on November 28, 2022 which can be found here: https://efiling.energy.ca.gov/GetDocument.aspx?tn=247746.
[22] Proposed Decision, at p. 95 (COL 10).
[23] *Id*., at p. 11.

key program differences, as these programs have evolved, include the fact that some IOU behavioral programs include "TOU Rate Coach" or "Peak Day Alerts" components and others do not. Some IOUs run "Bill Forecast Alerts" through their behavioral programs, while others conduct those alerts separately, in-house. One IOU runs a UAT program and claims the savings while two others run UAT programs and do not claim the savings. One IOU does not run a UAT program at all (as of 2022).

The Council understands an intended benefit of consolidating HER and UAT from regional to statewide administration would be to reduce administrative complexity and costs. However, consolidating those programs, with their many purposeful distinctions would likely lead to unnecessary challenges and costs which do not currently exist.

The Council is also concerned that the Proposed Decisions proposal for San Diego Gas & Electric Company ("SDG&E") to "lead a study on the potential of the Residential MultiFamily and Strategic Energy Management ["SEM"] Programs to transition to statewide administration"[24] will lead to unnecessary and detrimental programmatic consolidation where those programs actually benefit from remaining regional. For example, even though SEM programs/approaches were established with a statewide manual, they emphasize coordination at a regional or local level, even though they were established through a statewide manual. That coordination often occurs between the individual utility and large customer accounts where the needs of those individual accounts are unique and well understood through well-established relationships between the utility and that customer. The transition of SEM to a statewide administration would eliminate the benefits, innovation, and flexibility that are fostered through those well-established relationships and understandings. Implementers should have the flexibility to incorporate SEM for select customers within their programs instead of being required to compete with statewide SEM programs which may not provide wholly impactful or relevant benefits. The Council urges the Decision to strike the prior proposals to preserve program operations and effectiveness.

The Proposed Decision's proposal where: "Statewide programs should take precedence over other programs that may overlap with them in the resource acquisition segment, because statewide programs are intended to achieve cost efficiencies"[25] is vague and confusing at best

[24] Proposed Decision, at p. 95 (COL 11).
[25] *Id.*, at p. 101 (COL 45)

and inefficient and costly at worst. The Council understands the logic in establishing precedence here may be to limit or mitigate potential duplication of benefits. The Council agrees with the principle that duplication of benefits must be curbed in order to cost-effectively and successfully deliver EE benefits. However, the lack of a definition for "overlap" leaves the COL and OP vague, confusing, and vulnerable to inconsistent interpretations. The Council acknowledges the Proposed Decision's statement that SCE's proposed definition for "duplication:" "could effectively exclude non-IOU PAs from sectors in which they have designed and implemented programs, perhaps even longer than the IOUs in some cases. We are not persuaded that such limitation is warranted."[26]

Rather than attempting to clearly define "overlap" or "duplication" (based on geographic, customer class, eligibility requirements, customer segment(s), program targets, equipment types, etc.) the Council urges the Commission to strike this provision and maintain program flexibility while preserving protections against double counting. The Council supports existing structures built to combat "double dipping," such as Joint Cooperation Memorandums ("JCMs"). JCMs foster cooperation between the participating PAs and mitigate against duplication of benefits through that coordination. The Council further supports expanding JCM coordination between the PAs to clearly incorporate cooperation between statewide programs where the potential for "overlap" may exist and expose additional vulnerabilities to "double dipping". Otherwise the Proposed Decision's proposed precedence could inadvertently disincentive program participation due to rigid and maybe even regionally irrelevant programmatic structures.

B. Proposed NMEC Transition Risks EE Program Setbacks

The Council continues to support the growth and transition to increased use of NMEC where it is feasible and cost effective, as generally required by SB 350, Sec. 25310(c)(5). NMEC can bring great efficiencies to programs and should be authorized for use in all residential and commercial programs where feasible and cost effective. However, the Proposed Decision's proposed abrupt transition to restrict established alternative calculation approaches could cause considerable setbacks in EE programs that are meant to spur cost-effective resource acquisitions in the residential and commercial sectors. Site-level NMEC is not currently implemented statewide. Evaluators are starting to increase review and rigor requirements of this approach resulting in NMEC reflecting custom projects and their complications. This increases

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[26] Proposed Decision, at p. 84.

costs and erodes the value of a meter-based pay for performance approach to streamline the process and increase comprehensiveness.

While NMEC was designed, in part, to be a straightforward and efficient measurement of energy savings, the Council is aware of many projects being required to comply with the custom review process. This shift in process and approach can add several months to the review process, complicating project logistics, layering unnecessary costs, and stifling innovation. The Council believes such a lengthy and complex review process was not the intent of SB 350 or the NMEC Rulebook and is concerned that the Proposed Decision's proposed requirements around NMEC for all projects going forward could exacerbate project delays and add even more costs.

Despite the establishment of NMEC programs nearly 10 years ago,[27] there continues to be barriers to implementation (such as data access issues and treatment of non-buildings as defined in the rulebook[28]) and barriers to participation (including a lack of contractor awareness or confidence and inadequate upfront incentive availability). Proven delivery and measurement methods like deemed and custom are established with a long history of successes. The Council, in part, therefore, urges the Commission to complete its NMEC rulebook update and accelerate efforts to streamline access to data and NMEC approaches.

There are situations where potentially a deemed or custom approach is more appropriate for maximizing cost effective savings, or that feasibility concerns may warrant a deemed approach. Those methodologies can be complementary to, or preferable over, an NMEC approach. Equity, specifically non-resource, direct install programs are much more practical when using a deemed approach. Adding the complexity of an NMEC approach would increase administrative burden ultimately resulting in less efficiency measures delivered. Measure packages (i.e. workpapers) already account for delivery uncertainties and free ridership, therefore population level delivery of savings is not arbitrarily derived. Further, meter based measurement and verification affords a mechanism to calibrate results from meter data over time.

There are multiple situations beyond the two identified in the feasibility test - eligibility and data availability[29] - where NMEC may not be the best choice for program delivery. This is

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[27] D.16-08-019 (Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings), issued in R.13-11-005 on August 25, 2016.
[28] Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption, Version 2.0, dated January 7, 2020 (NMEC Rulebook Version 2.0).
[29] Proposed Decision, at p. 41.

particularly true for residential customers, and especially so for multifamily properties. Below are five examples that illustrate the Council's concerns about the Proposed Decision's proposed requirement's impacts on new programs as NMEC may not always be appropriate for reasons outside of the feasibility test:

1. Data access is a primary concern. Metering data may not be available for in-unit multifamily homes where residents may move in, disallowing baseline energy use development in compliance with the NMEC Rulebook. This challenge could prevent a significant portion of multifamily residents from receiving the benefits of EE measures. While the feasibility test appears to provide an exception for this issue, other challenges not covered by the feasibility test may impede the success of an NMEC program.
2. Programs that primarily focus on hard-to-reach customers may find that customers are unable or unwilling to wait for 12 or more months of metering data to be collected and evaluated before receiving an incentive.
3. It is a generally accepted practice with residential site-level NMEC programs to focus on homes with high and predictable energy use; this practice reduces the risk of savings not being detected at the meter. That risk is a common issue associated with residential NMEC projects and creates high individual customer risk. Unfortunately, this practice also further broadens the equity gap in service to disadvantaged communities and hard-to-reach customers whose energy use may reflect temporary conservation (rather than efficiency) influenced by high energy burdens on tenants, which may not accurately be captured by a regression model.
4. The Council is unaware of any California residential resource acquisition NMEC programs that have been cost-effective (i.e., a Total Resource Cost test at or above 1.0). This result indicates the need for additional experience with NMEC to identify a pathway to cost-effectiveness prior to mandating its use.
5. The NMEC Rulebook sets an expectation that programs and projects aim for a minimum of 10% annual savings,[30] which is not always achievable for some customer facilities. An NMEC requirement for all new programs would effectively eliminate some customer facilities that may otherwise be good candidates for efficiency programs, even if all other requirements are met. Additionally, establishing a good baseline and reporting period

[30] NMEC Rulebook Version 2.0, at p. 8.

regression is further complicated by scenarios that may impact certain sectors and/or facilities using site level NMEC differently including:

a. Facilities with measures impacting dual fuels, where the impact on one fuel may exceed 10% and have a good fit, while the other fuel may not exceed 10% and may not have good fit.
b. Facilities with irregular occupancy that are not readily modeled by the time of week and temperature ("TOWT") model or other approaches, that while meeting the 10% threshold may not have a good fit.
c. Multifamily facilities where occupant behavior may complicate generating baseline and reporting period regressions for smaller sized complexes and/or complexes with higher turnover rates.
d. Facilities with loads that complicate the regression generation process, including on site generation, and/or significant invariant or unpredictable fixed loads that would require up-front review and adjustment.
e. Facilities that meet the 10% criteria but do not meet the goodness of fit requirements as indicated in the Option C Technical Guidelines Document.[31]

The Council also points out that PAs proposed new programs in their Business Plan applications with the intent to launch in January 2024, with implementation plans and projected cost savings that were not based on NMEC. PAs develop program proposals to maximize benefits, inclusive of the opportunities afforded by designing to use NMEC. Mandating a switch to NMEC-based delivery and quantification approaches for programs that otherwise were designed to use alternative approaches may negatively impact projected savings, goals, and costs.

Our understanding of SB 350's language supporting NMEC "where these measurement techniques are feasible and cost effective" should lead to Commission policies further encouraging the use of NMEC but should not establish an across-the-board mandate for new NMEC based programs. Based on this understanding as well as the examples provided above, the Council recommends that the Proposed Decision language be revised to remove this requirement. PAs and Implementers should further be authorized to decide what is best for those

[31] Lawrence Berkeley National Laboratory, Site-Level NMEC Technical Guidance: Program M&V Plans Utilizing Normalized Metered Energy Consumption Savings Estimation.

programs and Cal TF should provide technical oversight of custom, deemed, and site-level NMEC processes on behalf of the Commission.

C. A Cal TF-Driven NMEC and Custom Review and Approval Process May Resolve Many Longstanding Challenges and Unlock Program Innovation, Opportunities, and Benefits

The Commission should recognize Cal TF's successes in California's measure package development process, largely empowered by prior Commission support. Cal TF has a proven track record of statewide technical leadership and is well positioned to facilitate significant stakeholder benefits through continued centralization of technical leadership and oversight supporting deemed and custom measures.

The Commission and PAs have a long and successful history of partnership with Cal TF to develop or manage successful EE deemed measures. The Cal TF has facilitated significant stakeholder benefits - including statewide consistency, technical rigor and transparency, and time and cost savings - through the consolidation of workpapers, development and management of statewide deemed measure packages, and centralization of technical data and information in the electronic Technical Reference Manual ("eTRM"). Further benefits for deemed measure and programs can be achieved through centralizing measure development, measure updating, and measure review at the Cal TF.

The Cal TF is also a well-respected and expansively representative organization. The Technical Forum and Policy Advisory Committee are made up of industry leaders and experts representing a diverse set of backgrounds, experiences, and perspectives. The Technical Forum and the Policy Advisory Committee also contain representation of the large IOUs, the Commission, the CEC, and the energy and advocacy industries.

The Commission also clearly indicated that "Modifications to the review and tracking of expected energy savings from energy efficiency measures, either through workpapers, the Custom Project Review process, the California Technical Forum, the electronic Technical Reference Manual, or otherwise" remain within the scope of the R.13-11-005 proceeding and could be addressed in a decision.[32]

The current level of ex ante rigor required by certain PAs on the NMEC platform creates undue burdens and increases project and program costs by requiring a "custom-level" of review.

[32] Assigned Commissioner and Administrative Law Judge's Amended Scoping Memo and Ruling issued in R.13-11-005 on May 11, 2023, at p. 5.

Many site-level NMEC projects have shuttered or have been canceled as a result of overly complex review and approval processes. Many of the Council's 70+ Members are implementers, many of whom have had the direct experience of being forced to cancel projects already underway and with customer agreements already in place as a result of the current overly complex review and approval process. It is clear site-level NMEC and custom review and approval processes must be rethought and revised to unlock their potential.

Cal TF is already in the process of considering custom review improvements ("Custom Initiative"), recently outlining[33] a series of goals, metrics, and objectives they could implement to improve custom.

Cal TF's Custom Initiative applies proven practices and lessons from the successful deemed measure efforts and eTRM development to achieve similar and necessary benefits for the state's custom measures, projects, and programs.[34] Cal TF has engaged statewide custom stakeholders through an open and collaborative process that will standardize and consolidate disparate custom efforts and centralize statewide, technically vetted, up-to-date resources to improve custom program participation and performance. The Cal TF Custom Initiative should be expanded to centralize the technical review of custom as well as site-level NMEC (in a distinct and separate process) measures and projects. This expansion would ensure a consistent technical review process and outcomes statewide while leveraging the established reference, technical review, and workflow features of the eTRM. This standardization and centralization of tools, templates, processes, and technical review builds on past efforts to address challenges and improve custom program performance and complements the ongoing transition to statewide and third-party implemented programs.

Given the state's direction toward greater use of NMEC, regardless of this Proposed Decision, and the need for efficient review of what is likely to be an increase in NMEC projects requiring review, the Council recommends leveraging existing trusted bodies and processes to enable this efficient review for both site-level NMEC and custom review processes.

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[33] Cal TF – PAC Meeting, dated April 28, 2023 which can be found here: https://static1.squarespace.com/static/53c96e16e4b003bdba4f4fee/t/6448736b319a511333df9ff3/1682469739863/Cal+TF_PAC+Meeting_2023-04-28.pdf

[34] Cal TF Workplan which can be found here: https://static1.squarespace.com/static/53c96e16e4b003bdba4f4fee/t/644861e5319a511333dd0d5f/1682465253374/Cal+TF_2023+BP+Metric+5X_Workplan_v0.pdf

The Commission has recently continued its support of the Cal TF as demonstrated in recent resolutions E-5221[35] and E-5152.[36] The Council urges the Commission to grant the Cal TF further authority in the site-level NMEC and custom processes to provide greater technical oversight to those approaches. The Council acknowledges that expansion would likely require additional resources and supports providing the Cal TF the necessary and appropriate resources in order to successfully conduct site-level NMEC and custom review processes.

D. The Portfolio Oversight Group Fosters Unnecessary Complexity and Administrative Burdens

The Proposed Decision's proposal is not entirely clear on the need or direction for the establishment of the Portfolio Oversight Group ("POG") under the California Energy Efficiency Coordinating Committee ("CAEECC"). The Council generally supports the work and mission of CAEECC but is uncertain what benefit the POG would provide towards portfolio, segment, and sector effectiveness. The Proposed Decision also does not provide substantive justification or logic behind the need for additional oversight. We are particularly concerned that the structure of the POG is somewhat redundant to existing processes. Though those structures may need or at least benefit from improvements, the Council argues the POG is not the appropriate structure or venue for those benefits to take place. Because the POG's structure, as generally framed by the Proposed Decision, is relatively redundant, the Council is further concerned the POG will lead to PA and customer confusion due to unnecessary complexity and excessive administrative processes. The Council therefore recommends the Decision strike the appropriate COL and OP regarding the POG.

E. Non-Equity Segment-Specific Programs Should Also be Included in the Non-Energy Benefits Study

The Council continues to support and advocate for expanding energy equity across the state. The success of key state climate and clean energy programs hinges on ensuring all communities benefit from the general decarbonization of the economy. With that in mind, non-equity segment programs deliver benefits (including non-energy benefits ("NEBs")) to disadvantaged communities and hard-to-reach communities, even though they are not limited in scope to serving customers in those communities only. The limitations of the Proposed

[35] Resolution E-5221.
[36] Resolution E-5152.

Decision's proposal to "provide for and direct the completion of a non-energy benefits study to develop quantification/estimation methods for non-energy benefits for equity segment customers and for consideration in the equity goals development process" appears to infer that only equity segment programs can deliver NEBs to disadvantaged communities and hard-to-reach communities. In order to broadly and more accurately assess the actual delivery of NEBs to disadvantaged communities and hard-to-reach communities by programs in addition to the equity segment programs, non-equity segment programs should be included in the study.

VI. CONCLUSION

The Council asks that the Proposed Decision be modified for the reasons stated above. Those needed modifications to the Proposed Decision are included in Appendix A (Proposed Modifications to Findings of Fact, Conclusion of Law, and Ordering Paragraph) attached and incorporated by reference hereto.

Dated: June 15, 2023

Respectfully submitted,

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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 AUTHORIZING ENERGY EFFICIENCY PORTFOLIOS FOR 2024-2027 AND BUSINESS PLANS FOR 2024-2031

The California Efficiency + Demand Management Council (the "Council") proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs in the Proposed Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031, mailed in A.22-02-005, et al. on May 26, 2023 (Proposed Decision).

Please note the following:

- A page citation to the 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.

PROPOSED FINDINGS OF FACT:

~~**6. [92] The HER and UAT Programs are both already delivered in a highly uniform fashion across the state.**~~

~~**7. [92] The Residential Multi-Family and Strategic Energy Management programs have a great deal of uniformity in design and delivery and are good candidates to study for transition to statewide administration.**~~

PROPOSED CONCLUSIONS OF LAW:

~~**10. [95] The HER and UAT Programs should be transitioned to become statewide programs over the next two years, to be administered by SDG&E, which should submit the statewide contract advice letters no later than December 31, 2025.**~~

~~**11. [95] SDG&E should lead a study on the potential of the Residential Multi-Family and Strategic Energy Management Programs to transition to statewide administration. The study should be co-funded by the other IOUs and should be submitted as part of the next four-year portfolio applications in 2026.**~~

~~**19. [96] A CAEECC POG sub-group should be created to add a stakeholder dimension to the portfolio oversight function.**~~

28. [98] ~~**Because equity segment programs can have a primary purpose to provide non-energy benefits, i**~~**I**t is reasonable to provide for and direct the completion of a non-energy benefits study to develop quantification/estimation methods for non-energy benefits **from equity segment programs and non-equity-specific segment programs** for equity segment customers and for consideration in the equity goals development process.

30. [98] PAs should ~~**be required to**~~ use NMEC, randomized control trials, SEM, or another meter-based method unless they are not feasible or cost-effective. **It is reasonable for PAs to use deemed or custom methods where NMEC, randomized control trials, SEM, or another meter-based method are not appropriate.**

31. [98] Because the primary purpose of equity segment programs is to serve hard-to-reach or underserved customers or disadvantaged communities, it is reasonable that equity segment programs must be designed and targeted to reach, serve and ultimately benefit hard-to-reach or underserved customers or disadvantaged communities. **Non-equity-segment-specific programs should continue to serve hard-to-reach or underserved customers or disadvantaged communities where and as reasonable.**

~~**45. [101] Statewide programs should take precedence over other programs that may overlap with them in the resource acquisition segment, because statewide programs are intended to achieve cost efficiencies.**~~

NEW. It is reasonable to transition the custom and site-level NMEC program review process responsibilities currently assigned to the Commission to the California Technical Forum ("Cal TF"). Following the conclusion of that transition, the Cal TF is authorized to leverage existing and relevant structures, mechanisms, and expertise to operate those review processes effectively.

PROPOSED ORDERING PARAGRAPHS:

~~**2. [103] San Diego Gas & Electric Company shall transition the Residential Behavioral Home Energy Reports and Residential Audit Programs to statewide programs in 2024 and 2025, and shall submit the statewide contract advice letters by no later than December 31, 2025. The advice letters shall address appropriate privacy and customer consent proposals to coordinate data sharing.**~~

~~**4. [103] San Diego Gas & Electric Company shall lead a study, co-funded by the other investor-owned utility portfolio administrators based on the percentages of the final column of Table 3 of this decision, of residential multi-family programs and strategic energy management programs for potential transition to statewide administration. The study shall be included in the applications filed in 2026 for the next four-year energy efficiency portfolio.**~~

~~**11. [105-106] The California Energy Efficiency Coordinating Committee (CAEECC) shall create a Portfolio Oversight Group (POG) to add a stakeholder dimension and input to energy efficiency portfolio oversight, as described in Section 5.1 of this decision. To the extent feasible with current funding, CAEECC shall begin the POG development in 2023. Pacific Gas and Electric Company, as the current holder of the contract for CAEECC facilitation, shall include in the January 2024 advice letter for the CAEECC budget and meeting schedule, a proposal with the following elements:**~~

~~**(a) A budget sufficient to fund the development and execution of the POG in 2024;**~~

~~**(b) A proposed meeting schedule; and**~~

~~**(c) A description of the scope of CAEECC's development and execution of the requirements in Section 5.1 of this decision.**~~

22. [108-109] For programs that meet all of the below characteristics, portfolio administrators shall ~~**now be required to**~~ **prioritize the** use **of**, as described in Section 6.2 of this decision, normalized metered energy consumption (NMEC), randomized control trials, strategic energy management, or another meter-based savings evaluation method, or otherwise ~~**the justify**~~ **address** in the implementation plan why **a non-**meter-based methods ~~**are not**~~ **was** used ~~**for**~~

rather than a meter-based method and discuss any of the following feasibility or cost-effectiveness reasons~~**. These characteristics include**~~:

(a) New programs approved by this decision launching on or after January 1, 2024, except for third-party programs for which the request for proposals or request for abstracts is issued prior to October 1, 2023;

(b) Uses a downstream (at the customer site) delivery approach;

(c) Is a resource acquisition retrofit program;

(d) Is in the residential or commercial sector; and

(e) Is eligible to use the NMEC rules (according to the NMEC Rulebook).

34. [112] ~~**Statewide programs shall take precedence over other programs that may overlap with them in the resource acquisition segment.**~~ **PAs administering statewide and non-statewide programs shall coordinate among other PAs administering statewide and non-statewide programs through joint cooperation memoranda, where appropriate.**

NEW. The custom and site-level NMEC Review Process management responsibilities shall be transitioned to the Cal TF. Upon that transition, the Cal TF is authorized to manage the Custom Measure and Project Archive, review any dispositions regarding custom or site-level NMEC issued by consultants, and maintain the rules for those programs.