

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Policies, Procedures and Rules for the Self-
Generation Incentive Program and Related
Issues.

Rulemaking 20-05-012
(Filed May 28, 2020)

**REPLY COMMENTS OF
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON
ASSIGNED COMMISSIONER'S RULING SEEKING ADDITIONAL COMMENTS ON
SELF-GENERATION INCENTIVE PROGRAM AND HEAT PUMP WATER HEATER
PROGRAM IMPROVEMENTS**

Dated: August 11, 2023

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I. INTRODUCTION

The California Efficiency + Demand Management Council (“The Council”)¹ respectfully submits these Reply Comments on the Assigned Commissioner’s Ruling Seeking Additional Comments on Self-Generation Incentive Program and Heat Pump Water Heater Program Improvements, issued in this proceeding on July 12, 2023 (“ACR”) in Rulemaking (“R.”) 20-05-012 (Self-Generation Incentive Program (“SGIP”)). These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the ACR.

II. OVER-CONSOLIDATION OF PROGRAMS WILL HARM COMPETITION AND NEGATIVELY IMPACT THE PROGRAM’S ABILITY TO PROVIDE BENEFITS

Question 1 of the ACR asks whether the Commission should require SGIP “implementers to simultaneously educate and connect customers to available home efficiency and electrification programs so as to streamline customer targeting, eligibility, outreach, installations and data sharing[.]”² The Council is concerned with Pacific Gas & Electric Company’s (“PG&E’s”) response to this Question in which PG&E asserts that “[p]rogram consolidation could more directly convert program funds into the desired program results, instead of attempting to make incremental changes across a number of legacy programs.”³ Though the Council agrees with PG&E’s preceding statement that supports making “customer programs as streamlined as

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

² ACR, at p. 7.

³ PG&E Opening Comments, at p. 2.

possible to maximize the impact of each customer interaction,”⁴ the Council is concerned PG&E’s recommendation could lead to an overcorrection in program consolidation. Various existing programs offer benefits to California customers through greater competition and creativity. Increased competition generally leads to lower administrative and operating costs while bolstered program uniqueness generally expands program benefits delivered to individual regional needs or customer circumstances.

The Council urges the Commission to reject PG&E’s recommendation that “sacrificing short-term changes to SGIP through this Ruling in the interest of more holistic long-term changes to customer programs as a whole will yield better customer and vendor experiences and better adoption of multiple load management measures.”⁵ The Council is particularly concerned with the increased likelihood of stop-start consequences were this recommendation to be implemented. Curbing or cutting SGIP offerings and benefits will harm third party vendors and the potential to deliver energy and cost saving measures at a time when the state is working to advance its efforts to decarbonize the economy.

The Council is also concerned about PG&E’s response to ACR Question 3 which asked what should be required from Program Administrators, or developers “to ensure that low-income customers participating in the SGIP program are simultaneously able to take advantage of home efficiency and electrification measures offered by other programs[.]”⁶ PG&E responded to this Question that “a single program - or at least a single entity – through which low-income customers can implement multiple measures will likely yield the best uptake and simplest experience for customers.”⁷ The Council reiterates its concerns that over-consolidation of programs will harm competition and negatively impact the program’s ability to cater benefits to individual or unique community/customer needs.

⁴ PG&E Opening Comments, at p. 2.

⁵ *Id.*, at p. 3.

⁶ ACR, at p. 7.

⁷ PG&E Opening Comments, at p. 3.

III. THE COUNCIL SUPPORTS EFFORTS TO EXPAND QUALIFYING DR PROGRAM ELIGIBILITY

The Council notes that Energy Solutions,⁸ California Municipal Utilities Association (“CMUA”),⁹ Joint Community Choice Aggregators (“Joint CCAs”),¹⁰ Rheem Manufacturing Company (“Rheem”),¹¹ PG&E,¹² Southern California Edison Company (“SCE”),¹³ San Diego Gas & Electric Company (“SDG&E”),¹⁴ and National Resources Defense Council, Inc. (“NRDC”)¹⁵ supported or offered solutions to either modifying the qualifying DR program definition for the purposes of the SGIP Heat Pump Water Heater (“HPWH”) Program, or if not modifying it, adding alternate eligibility pathways for other programs to qualify. The Council believes the most important outcome of addressing the definition of qualifying DR programs is to establish a pathway that expands qualifying DR programs beyond the current definition to be eligible to participate in the SGIP HPWH Program.

The Council supports Energy Solutions’ recommendation that Publicly Owned Utility (“POU”) programs and programs that directly signal HPWHs to shift or modify load be included in the definition of qualifying DR program by default¹⁶ and suggest a pathway where other programs could be approved on a case-by-case basis. The latter recommendation is especially important as it empowers future programs to meet unanticipated market evolutions under the SGIP HPWH Program. New program models could be introduced which are outside of the currently adopted definition.

Many parties generally agreed on the key points of allowing for DR programs outside of the current definition (including POU and connected HPWH load shifting programs) to be eligible for SGIP HPWH participation. However, there were differences in the proposed pathways for approving other programs. The Council supports Energy Solutions’ recommendation that a program may meet any one (or more) of the following eligibility criteria:

- 1) Any DR program that meets the current Decision definition of a qualified demand;
- 2) Any DR

⁸ Energy Solutions Opening Comments, at p. 5.

⁹ CMUA Opening Comments, at p. 2.

¹⁰ Joint CCAs Opening Comments, at p. 1.

¹¹ Rheem Opening Comments, at p. 4.

¹² PG&E Opening Comments, at p. 4.

¹³ SCE Opening Comments, at p. 4.

¹⁴ SDG&E Opening Comments, at p. 7.

¹⁵ NRDC Opening Comments, at p. 3.

¹⁶ Energy Solutions Opening Comments, at p. 6.

program or pilot offered by a load-serving entity or demand response provider that directly signals the incentivized technology (HPWHs) to shift or modify load, including load shifting programs; 3) Any DR program or pilot offered by a publicly-owned electric utility (POU); or 4) Any DR program or pilot approved by the program implementer in consultation with the Commission that is submitted via an application process from a load-serving entity or demand response provider.¹⁷ Energy Solutions' recommendation aligns with the Council's initial recommendation¹⁸ while ensuring proposed case-by-case approval processes would not be mired in rigid regulatory processes that could stall program successes.

Energy Solutions' proposed process is advantageous compared to PG&E's proposed Tier 2 Advice Letter solution because it is not as time and resource intensive.¹⁹ In this scenario, those Tier 2 Advice Letter processes could lead to months of unnecessary process slow-downs. The Council also finds PG&E's alternative proposal to authorize programs approved via the DR application process to be eligible programs for SGIP HPWH may cause unintended confusion and discrepancies in program expansion as the DR application process only applies to Investor-Owned Utilities and would not serve as a valid pathway for CCAS, POUs, or other providers.

IV. CONCLUSION

The Council appreciates the opportunity to submit Reply Comments on the ACR.

Dated: August 11, 2023

Respectfully submitted,

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¹⁷ Energy Solutions Opening Comments, at pp. 5-7.

¹⁸ Council Opening Comments, at pp. 5-6.

¹⁹ General Order 96B:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K938/502938128.PDF>