

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking Concerning Energy  
Efficiency Rolling Portfolios, Policies, Programs,  
Evaluation, and Related Issues.

Rulemaking 13-11-005

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REPLY COMMENTS OF THE ASSOCIATION OF BAY AREA GOVERNMENTS ON  
BEHALF OF THE SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK  
REGARDING RULING SEEKING INPUT ON APPROACHES FOR STATEWIDE AND  
THIRD-PARTY PROGRAMS

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For THE SAN FRANCISCO BAY AREA  
REGIONAL ENERGY NETWORK

July 1, 2016

## **I. Introduction**

In accordance with Rule 16.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), and in response to the Administrative Law Judge’s Ruling Seeking Input on Approaches for Statewide and Third-Party Programs dated May 24, 2016 (“the Ruling”), the Association of Bay Area Governments (“ABAG”), on behalf of the San Francisco Bay Area Regional Energy Network (“BayREN”), respectfully submits this Reply. Overall, the parties that submitted comments were in general alignment that statewide programs should be limited primarily to upstream (manufacturer) and midstream (retail) programs. This Reply is in response to the Comments of Pacific Gas & Electric (PG&E) that veers from the general consensus in its recommendation that the classic downstream program - Home Upgrade - should be implemented by a single statewide entity. BayREN opposes this request and offers that the current implementation of Home Upgrade is an effective example of a program that operates within a statewide framework, but is implemented regionally to accommodate the diversity of California’s climate, building stock, and population. It is concerning that this request is made at a time when all Program Administrators (PAs ) are finding significant uptake in the program, and have been effectively collaborating on ways to achieve greater energy savings and improve cost effectiveness. To make such a significant change to program implementation at this juncture would be highly disruptive to the program, contractors, and the marketplace.

BayREN also replies to the comments of the California Energy Efficiency Industry Council (“CEEIC”). BayREN opposes the trade group’s request that implementation of all energy efficiency programs be “outsourced”. This request is presented without sufficient

justification to disrupt the market and terminate long standing PA relationships without any articulated or proven benefit.

Finally, BayREN briefly replies to the comments of the Local Government Sustainable Energy Coalition (“LGSEC”).

## **II. Discussion**

### **A. There is General Alignment Among the Parties that Statewide Programs Should be Limited to Upstream and Midstream Programs.**

In the comments submitted, the parties were generally in agreement that statewide programs with a single administrator should be limited to upstream and midstream programs. These comments are representative: “We believe equipment-oriented programs that focus on upstream delivery channels are well suited to statewide programmatic approaches as they allow manufacturers and distributors to interact with a single program infrastructure across California.” (Comments of CLEAResult, at p. 16.) “NRDC agrees with the Ruling that statewide programs are most applicable to entities (like Home Depot) that have a statewide reach where their operations are sufficiently uniform across the state.” (Comments of the Natural Resources Defense Council, at p. 3) We therefore support focusing statewide programs on upstream and midstream markets (e.g., big box retailers, manufacturers, etc.) as well as some cross-cutting programs, but do not support increasing downstream statewide programs at this time since such programs often require more nuanced local considerations. (*Id.* at p. 7.) “Under this new definition, statewide efforts would be “generally targeted upstream (at the manufacturer level) or midstream (at the distributor or retailer level), though they may include downstream approaches in some markets,” and would mainly be designed “to achieve market transformation and/or aimed at delivering new construction and cross-cutting (crosssector)...programs.... TURN enthusiastically supports this new definition”. (Comments of The Utility Reform Network, at p.

2.) Finally, “Due to the challenges with the definition of Statewide...those programs should be limited to upstream and midstream activities. Upstream activities should only include work with manufacturers to develop products that maximize EE. Midstream programs should only include work with distributors or retailers to drive market adoption of energy efficient products.”

(Comments of Marin Clean Energy, at p. 8.)

While PG&E purports to agree with the general consensus regarding the limits of statewide programs, that is, “interventions at the market-level, focusing on midstream (commercial distributor) and upstream (manufacturer) delivery channels, rather than downstream (at the customer sector”<sup>1</sup>, it presents a contradictory recommendation regarding Energy Upgrade California®, Home Upgrade program and suggests that this classic downstream program should have a single statewide implementer.<sup>2</sup> We disagree.

The goals and evaluation of Home Upgrade should be standardized statewide to the extent feasible, but there must be continued flexibility with program implementation. Home Upgrade operates within a statewide framework that allows for localized approaches to engage customers and contractors. While there is uniformity in most program requirements, such as the amount of energy savings required for incentives, safety testing, etc., the individual PAs have the flexibility to tailor the program in a manner that is most impactful to their region/territory. There is no reason to change how the programs are administrated, especially since across the state there is uptake in current program offerings. Indeed, as articulated in the comments of a long standing and active statewide contractor:

We do have concerns along with others with the implementation of downstream Statewide programs at this time. While similarly named and designed programs

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<sup>1</sup> Comments of PG&E at p. 23.

<sup>2</sup> PG&E also recommends that all workpaper development activities be transitioned to the California Technical Forum. (See Comments of PG&E, at p. 8.) BayREN does not oppose this suggestion. Currently, all PAs implementing Home Upgrade have joined in a single work paper effort. This request merely removes the work paper activities from a retained consultant to the CalTF.

are implemented throughout California, many of these are tailored to regionally unique characteristics including geographic conditions, customer's economic factors, housing stocks, building type, and climates. For instance a residential program along the temperate and mild coast of San Diego will operate very differently and focus on very different needs when compared to a similar single family residential program in the Central Valley (i.e. Fresno) area with a very hot and intense climate. The Central Valley program would be focused heavily on HVAC and Air Conditioner related measures to reduce consumption; while the San Diego program uses very little HVAC use and requires different measures and services. (Comments of Synergy, at pp. 3-4.)

BayREN has completed almost 3,000 Home Upgrade projects, with many more in our current pipeline. A large part of the success of this customer/contractor-centric programs is our local approach to outreach. Each BayREN member county provides outreach within their cities and counties to property owners and contractors. We have seen considerable success in our locally tailored marketing and outreach efforts, and resultant energy efficiency upgrade projects. Shifting to more centralization and statewide implementation would diminish the effectiveness of our program. The diversity of the state and corresponding need to be flexible and adaptable requires that program implementation, with some exceptions, be implemented on a local and/or regional level.

BayREN's short and long term strategy for Home Upgrade is to take an integrated approach. For example, in 2015 we conducted outreach throughout the region to assess market readiness for a voluntary Home Energy Score program. An initial pool of 8 assessors were trained and delivered over 100 scores in the last quarter of 2015. In addition to the Home Energy Score, homeowners were provided with a customized Energy Improvement Form that identified energy efficiency upgrades that aligned with the Home Upgrade program, information about available financing and a referral to the BayREN Home Upgrade Advisor. The Home Energy Score works in coordination with *local* government policy, such as the policy adopted by the

City of Berkeley in 2015. Building on this momentum, in 2016 BayREN has incorporated Home Energy Score into our marketing and outreach activities, and it has become a lead generation opportunity for Home Upgrades. Green labeling is a critical component of a comprehensive approach to achieve greater energy efficiency in California homes, the objective of AB 758. This effort that combines our Codes and Standards (i.e. assisting local jurisdictions adopt and implement local reach codes, such as with the City of Berkeley) with our Single Family program exemplifies the creativity and innovation of the BayREN, resulting in benefits to local governments, our regional workforce and single family home owners. This flexibility and innovation and the resultant co-benefits would be lost with a single implementer.

In addition to the Home Energy Score, ABAG is working with its Resiliency group to combine their efforts with seismic and other approaches to making Bay Area homes both safer and more energy efficient, in furtherance of multiple State goals. ABAG is also working with its sister agency, the Bay Area Air Quality Management District, to help them reach their targets of overall reductions in Green House Gas Emissions. Home Upgrade is one of the primary BayREN programs where we the agencies see opportunity to leverage by adding on to the program with alternative funding sources to address their goals. We see a great opportunity to offer an already engaged homeowner the opportunity to select measures beyond energy efficiency, such as renewable energy, with alternative funding sources. This layering approach will result in greater efficiency and help meet several of the state's ambitious goals. Again, with a single implementer, these types of innovative approaches to implementation would not occur.

As a final comment, PG&E's suggestion that this program be implemented by a single implementer is contrary to the recommendations of the statewide Home Upgrade Working Group, comprised of all Home Upgrade PAs, contractors, CPUC staff and other stakeholders.

Included in the recommendations is that PAs and contractors maintain a long term relationship, and that the PAs and contractors support the customer journey through phased engagement over time. This would be lost if the program is transitioned to cookie cutter statewide implementation.

Despite the representation made in Table 2, item 2 of PG&E's comments, in BayREN's experience, there are very few contractors that have a statewide footprint. Instead, the majority of the contractors that are actively participating in our program at most work across neighboring counties. BayREN's implementation activities, such as working through questions about the paperwork, provide an opportunity for engagement with the contractor, and build upon our relationship, a critical component for success. This one-on-one interaction would be gone with a single implementer. There is no justification for disrupting an effective delivery model and strong connections with our contractors.

BayREN has worked hard to build trust with our contractors, many of whom had turned away from participating in energy efficiency programs after the ARRA period due to the stop and start of the program, and the many programmatic changes. To implement such a drastic change to the program as requested by PG&E would likely result in many contractors leaving the program for good. If the state is to meet the mandates of SB 350, now is not the time to drastically change the largest residential program. PAs have been working together to brainstorm about how to make the program result in greater energy savings and better cost effectiveness. This collaboration has been beneficial with changes rolling out now. It would be counterproductive to change this downstream program at this juncture, and replace it with a cookie cutter application across the state.

**B. There is Insufficient Evidence to Support CEEIC's Recommendation that 100% of Implementation be Bid out to Third Parties.**

BayREN does not believe there has been justification for CEEIC's recommendation that the entirety of California's energy efficiency would benefit from being outsourced. BayREN supports the Comments of CLEAResult and the thoughtful discussion about the important role of Program Administrators in the delivery of programs. A prime element of ABAG's motion for approval of the BayREN was the ability of local governments to effectively implement energy efficiency programs in part because of our long standing and trusted relationship with our constituents. CEEIC has not provided any reason as to why their members would be a more effective replacement.

**C. LGSEC's Proposal Raises New Issues that are Entitled to Consideration.**

LGSEC's comments present a different model for the distribution of ratepayer funds for local government programs. The comments are worthy of exploration.

**III. Conclusion.**

The BayREN appreciates the opportunity to provide these limited reply comments.

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