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OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	Rulemaking 13-11-005 (Filed November 14, 2013)

REPLY COMMENTS OF THE UTILITY REFORM NETWORK REGARDING STATEWIDE AND THIRD PARTY PROGRAMS [PHASE IIb]

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TABLE OF CONTENTS

I. INTRODUCTION **1**

II. REPLY COMMENTS **1**

A. TURN's Proposals Accommodate the Needs of IOU Program Administrators to Procure Targeted EE to Meet Grid-Based Resource Needs 1

B. TURN's Proposals Recognize the Importance of Maintaining and Potentially Expanding the Use of Locally-Tailored Approaches and Strategies in Customer-Facing EE Programs 3

C. TURN Agrees with Other Parties that the Commission Should Utilize Expert Independent Evaluators, As Used in Supply Side Procurement, to Ensure that IOU PA Competitive Solicitations Are Fair. 5

D. TURN Clarifies Our Recommendations Regarding the Program Interventions Ripe for Statewide Treatment 6

1. Response to PG&E *6*

2. Response to NRDC *8*

3. Response to CodeCycle *10*

E. TURN Shares the Concerns of Other Parties About the Cost Sharing Proposal Presented in the *Ruling* for Newly Constituted Statewide Programs 11

F. Other Proposals for Statewide Standardization or Centralization of Program Support Functions May Have Merit 12

1. TURN Would Not Oppose an Arrangement Wherein the PAs Would Transfer the Task of Workpaper Development to the California Technical Forum or Another Entity, But Only Under Certain Circumstances *12*

2. PG&E's Proposal for A Statewide Portal to Handle Rebate Processing for Statewide Downstream Interventions Is Intriguing. *15*

3. TURN Agrees with Parties that the Commission Should Direct the PAs to Address Contractor and Workforce Standards in Their Business Plans as a Complement to WE&T Programs. *16*

III. CONCLUSION **19**

REPLY COMMENTS OF THE UTILITY REFORM NETWORK REGARDING STATEWIDE AND THIRD PARTY PROGRAMS [PHASE IIb]

I. INTRODUCTION

On May 24, 2016, the Commission issued *Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third-Party Programs* (*Statewide and 3P Programs Ruling* or *Ruling*). The *Statewide and 3P Programs Ruling* invites comments on the overall regulatory framework for statewide and third-party programs, the specific proposals set forth therein regarding statewide and third-party programs, and the proposals under discussion as part of the Energy Efficiency Coordinating Committee.[1] The *Statewide and 3P Programs Ruling* originally instructed that parties should file opening comments on June 10, 2016, and reply comments on June 20, 2016, but ALJ Fitch extended these deadlines by one week in her ruling issued June 6, 2016.[2] Then in a subsequent ruling on June 22, 2016, ALJ Fitch extended the due date for reply comments to July 1, 2016. Pursuant to these rulings, The Utility Reform Network (TURN) hereby submits these reply comments on statewide and third-party programs.

II. REPLY COMMENTS

A. TURN's Proposals Accommodate the Needs of IOU Program Administrators to Procure Targeted EE to Meet Grid-Based Resource Needs

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) each express concern that the *Ruling's*

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[1] *Statewide and 3P Programs Ruling*, pp. 12-16.

[2] *Statewide and 3P Programs Ruling*, pp. 16-17; *Administrative Law Judge's Ruling Granting in Part Request for Extension of Time*, p. 1.

proposals regarding statewide and/or third party programs would undermine their ability to use EE as a grid resource, as the Commission is encouraging in other contexts. PG&E asks that the Commission "keep the IOUs as program administrators for local and downstream programs," and permit them to "design and implement local IOU programs," so that PG&E will have the flexibility to deliver EE in coordination with demand response and rate design options to reliably meet local grid resource needs.[3] SCE worries that a new statewide approach could "limit the PAs' [Program Administrators'] ability to leverage EE as a grid resource," … "both on a location-specific basis and on a system-wide basis," if the new approach were to constrain the PAs' ability to "shift resources between EE programs to address reliability concerns" and target local ME&O in response to emergency local reliability events.[4] SDG&E advocates an approach to third party programs more akin to Option 1 in the *Ruling* that would provide the IOU with "more flexibility to procure the most cost-effective third party service," and "conform to future all-source or IDER [Integrated Distributed Energy Resources] RFOs as third party programs would be able to respond to product requirements, which tend to be focused on capacity or reliability needs."[5]

TURN's proposals regarding statewide and third party programs would alleviate all of these concerns. Because TURN recommends that the new approach to statewide programs apply to upstream and midstream interventions, but not customer-facing, downstream interventions, the IOU PAs would continue to locally administer downstream resource programs that could be strategically deployed to target the utility's capacity or reliability needs (with the exception of

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[3] PG&E, pp. 4-5, 7, 28.

[4] SCE, p. 7.

[5] SDG&E, p. 19.

downstream program activities administered by Community Choice Aggregators (CCAs) or Regional Energy Networks (RENs)).[6] Further, TURN's approach to third party programs is both more far-reaching, and more flexible than envisioned in the *Ruling.* TURN would have the Commission adopt a rebuttable presumption for IOU PAs that all programs should be bid out, unless the IOU PA demonstrated good cause for keeping implementation in-house. But importantly, TURN would also permit the IOU PAs to keep some design-function in house by issuing specific RFPs or RFOs, rather than open solicitations, where circumstances warranted a more prescriptive approach.[7] In both of these ways, TURN's approach would preserve the kind of flexibility the IOUs' claim they need to leverage EE as a grid resource.

B. TURN's Proposals Recognize the Importance of Maintaining and Potentially Expanding the Use of Locally-Tailored Approaches and Strategies in Customer-Facing EE Programs

Several parties take issue with the *Ruling's* proposals for statewide programs because of a concern about losing opportunities to provide localized approaches to engaging participants in downstream statewide programs. For instance, the San Francisco Bay Area Regional Energy Network (BayREN) cautions:

> However, it is vital that the [newly defined statewide] programs truly be ones that benefit from uniform delivery, i.e. upstream programs at the manufacturer level (manufacturers of appliances, big box stores, etc.) and not residential retrofit program that are implemented at the local/regional level and account for differences in climate, building stock, and diversity of customers. Challenges and opportunities that will impact program success at the regional or local level

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[6] TURN, pp. 3-5. In fact, TURN suggests that at the regional and local levels, PAs should be strategically deploying downstream interventions to target local capacity or reliability needs, as appropriate. By creating a more streamlined, efficient, and effective approach to upstream and midstream interventions, the PAs could focus more on cultivating customer facing interventions that bundle EE with demand response (DR) and with other distributed energy resources (DERs), yielding "bundled efficiency" that is site-specific, persistent, correlates well to circuit and substation loads, and is measurable at the meter.

[7] TURN, pp. 16-17.

> should be carefully weighed against the potential benefits offered by uniform statewide program delivery.[8]

Sierra Business Council similarly warns, "A one-size-fits-all implementer of energy efficiency programs throughout the state will leave many rural and disadvantaged communities without appropriate and effective program service because regions of the state which are not easily accessible within a short drive distance are often neglected."[9] Because "the rural regions of the state require a special and unique market focused approach to energy savings and market adoption," Sierra Business Council recommends that statewide administrators of customer-facing statewide programs work in concert with local government partnerships to implement local program delivery, rather than seeking standardization through a statewide implementer.[10] East Bay Energy Watch and the Association of Monterey Bay Area Governments (AMBAG) express related concerns about preserving the role of Local Government Partnerships and local governments in any new policies regarding statewide programs.[11]

Like these parties, TURN sees the need for local or regional approaches to EE, while we also see economies of scale and scope from moving certain intervention types to a truly statewide platform. For this reason, we have recommended that downstream, customer-facing interventions not be migrated at this time to the new statewide construction, as envisioned in the *Ruling*.[12] We have also proposed that the statewide administrator of a new statewide program have the discretion to determine whether to contract with a single statewide implementer, who

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[8] BayREN, p. 7.

[9] Sierra Business Council, p. 2.

[10] Sierra Business Council, pp. 2-3.

[11] East Bay Energy Watch, p. 2 (pages are unnumbered; this refers to the page in the file); AMBAG, p. 4.

[12] TURN, p. 4. Indeed, customer-facing interventions by definition require consideration of location and site-specific opportunities and synergies.

might in turn hire subcontractors, or to contract directly with multiple implementers offering local or regional expertise or specialties in the market(s) to be targeted.[13]

C. TURN Agrees with Other Parties that the Commission Should Utilize Expert Independent Evaluators, As Used in Supply Side Procurement, to Ensure that IOU PA Competitive Solicitations Are Fair.

TURN, like many other parties, advocates a change in the current EE administrative structure such that the administrative functions and implementation functions would generally be conducted by different entities, at least for IOU PAs, and the IOU PAs would conduct solicitations for implementation services.[14] Given this vision of increased reliance on competitive solicitations for EE services, several parties highlight the need for the Commission to ensure that IOU competitive solicitations for EE are fair and transparent.

For instance, the Office of Ratepayer Advocates (ORA) proposes the following:

> In order to ensure that the contracting process is fair and transparent, the Commission should restructure the EE Peer Review Groups to more closely conform to the Procurement Review Groups ("PRGs") utilized in supply-side solicitations. The new EE PRGs should include Commission staff and representatives of non-financially interested parties as well as expert independent evaluators ("IEs") with sufficient technical expertise to evaluate the reasonableness and fairness of the procurement and bid evaluation processes. In order to protect confidential information, parties not subject to separate statutory provisions can use standard non-disclosure agreements.[15]

Cal UCONS similarly recommends:

> The utilities and the commission have a long standing working relationship on power procurement. The Commission has long used Independent Evaluators for overseeing power supply procurement. We recommend a similar process (i.e. having an Independent Evaluator reporting to the Energy Division) be used for all future energy efficiency procurement by contracting with third-party

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[13] TURN, pp. 13-14.

[14] *See, e.g.,* TURN, pp. 15-17.

[15] ORA, p. 5.

> implementers. Specifically, the administrative efforts of issuing RFPs and evaluating bid activities would be reviewed by a CPUC-approved evaluator who is independent of the IOUs.[16]

And the Natural Resources Defense Council (NRDC), which advocates a more limited move to implementation outsourcing by the IOU PAs, nonetheless asserts, "What is most important is that there is a clear process for identifying market needs, bidding out particular sectors or subsectors, and transparently reviewing those bids."[17] NRDC notes that the EE Peer Review Groups are not currently equipped to carry out the required "transparent oversight function."[18]

TURN agrees that the Commission must ensure that IOU PA solicitation and selection processes for EE program implementation are fair and transparent. This oversight element is critical to realizing the benefits of a competitive market for EE implementation services. We agree with ORA and Cal UCONs that the Commission should adopt the well-established approach taken for supply-side procurement of using Independent Evaluators (IE) coupled with a non-financially interested stakeholder group, like the EE Peer Review Groups. We agree with NRDC that the EE Peer Review Groups cannot carry out this oversight function in their current form.

D. TURN Clarifies Our Recommendations Regarding the Program Interventions Ripe for Statewide Treatment

1. Response to PG&E

TURN's recommendations regarding the optimal candidates for the new statewide structure overlap with the recommendations of a number of parties, with the greatest overlap

[16] Cal UCONS, p. 3.

[17] NRDC, p. 13.

[18] NRDC, p. 14.

seemingly between TURN and PG&E. PG&E "strongly agrees that programs that intervene at the market-level by delivery type (i.e., upstream and midstream) could benefit from more statewide consistency through statewide administration. This includes midstream and upstream programs delivered through manufacturers, distributors, and retailers."[19] PG&E recommends that the following programs listed in the *Ruling* transition to a statewide administrator in 2017 as a pilot phase of a longer transition: Residential and Non-Residential Upstream HVAC, Residential Upstream Lighting, Residential Midstream Plug Load and Appliances, and Workforce, Education and Training.[20] PG&E also envisions that future market transformation programs could include not only IOU participation, but also POU participation, similar to PG&E's Retail Products Platform and the Emerging Technologies Coordinating Council, both of which have current POU participation.[21] Finally, as a long-term approach to fostering market transformation, PG&E "recommends that the Commission consider a statewide market transformation entity similar to what is called for in the CEC's AB 758 Action Plan," with the IOUs playing "a large role in providing strategic guidance on the activities and initiatives this entity pursues to ensure the State is on track to meet its ambitious energy efficiency goals."[22]

TURN wholly agrees with PG&E that these programs are well-suited to statewide administration, and we appreciate PG&E's willingness to entertain the possibility that a statewide market transformation entity, as the CEC's Action Plan recommends, would serve California well. If the Commission were to limit its initial roll-out of statewide administration to

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[19] PG&E, p. 6.

[20] PG&E, pp. 5-6.

[21] PG&E, p. 22.

[22] PG&E, pp. 20, 26. PG&E recommends that the Commission convene a workshop in 2017 to explore the feasibility of this option for statewide administration in the long term. (PG&E, p. 26).

PG&E's list, TURN would see value in this approach. However, we would urge a deeper analysis of whether efficiencies might be gained, and purchasing power increased, by consolidating, or at least re-organizing, the measures currently promoted through upstream and midstream interventions taking place in totally separate programs. Given the opportunity to restructure certain statewide programs, TURN has to ask whether the same manufacturers, or distributers, or retailers might touch certain high efficiency lighting measures, HVAC measures, plug load measures, or any combination thereof. If so, it may be advantageous to pursue market transformation strategies with those manufacturers, distributers, or retailers, that encompass more than a single measure category. Or not. But as far as TURN knows, this analysis has not been undertaken; rather, the programmatic silos have served to constrain creative thinking about potential portfolio optimization enhancements.[23]

This was precisely TURN's motivation for recommending the inclusion of other programs (or the upstream/midstream components thereof) in the the move to truly statewide programs. TURN suggested that the Multifamily Energy Efficiency Rebate (MFEER) Program and upstream/midstream components of Deemed Incentives (Commercial, Industrial, and Agricultural) be considered. NRDC's comments on these programs make us see the need to clarify our proposal, as explained below.

2. Response to NRDC

NRDC makes a compelling plea for leaving MFEER alone:

> There is a much broader need for increased integration and coordination across multifamily programs beyond just those offered by the PAs under CPUC oversight. Furthermore, the utilities have additional multifamily programs also in need of streamlining and coordination, including Home Upgrade-MF and the Energy Savings Assistance Program. Bidding out the MFEER program to another

[23] *See* TURN, p. 7, including fn. 17.

> entity at this time will only add an additional layer to an already incredibly complicated landscape.
>
> Furthermore, the multifamily program is primarily a downstream program designed to provide efficiency services to an underserved subsector and therefore do not support such a program to be statewide at this time. While we support ensuring rebates and offerings are consistent for this subsector, it requires a much more nuanced local approach to incentivize multifamily owners and tenants to act and is unlikely conducive to one statewide approach. We therefore urge the Commission to remove MFEER from this subprogram list and instead undertake a broader look at streamlining and coordinating all of the multifamily programs offered by PAs along with the CEC, CSD, POUs, and other entities that also offer programs to best address this sector.[24]

TURN is very sympathetic to these issues, and our intention is certainly not to worsen the market barriers to EE retrofits in this building sector. However, we believe it is worth exploring whether upstream/midstream interventions in support of least some of the measures promoted through this program could be fruitful.[25] Changing manufacturing, stocking, and pricing practices for these products – and doing so through bulk purchasing agreements that leverage other product opportunities housed in different programmatic silos (see above) – could provide a cost-effective approach to chipping away at the market barriers. Of course, we agree that the downstream element is critical, requires "a much more nuanced local approach," and could and should be greatly improved as NRDC suggests. TURN thus clarifies that we do not suggest that the downstream aspects of MFEER be made more "statewide" than they currently are.

Similarly, we wish to highlight that we are not currently advocating the inclusion of the *downstream* aspects of Deemed Incentives in the new statewide construct, but only the

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[24] NRDC, p. 10.

[25] For instance, common area lighting measures supported through MFEER could be promoted as part of a statewide upstream/midstream strategy.

midstream/upstream elements.[26]

3. Response to CodeCycle

CodeCycle strongly supports statewide administration of Codes and Standards programs, but urges the Commission to conclude that the Compliance Improvement Program (as opposed to the Code Advocacy Program) should have a non-utility statewide administrator. CodeCycle reasons, "The IOUs have stated that they will not engage in Title 24 enforcement," and "[e]ffective enforcement is likely the most important driver in the entire compliance improvement chain."[27]

TURN agrees with CodeCycle that "The Compliance Improvement Program needs a Program Administrator that will not hesitate to provide advanced Enforcement Assistance to building officials."[28] TURN originally suggested that the Codes and Standards program was well-suited to statewide administration, as long as local and regional PAs have the discretion to continue their own efforts to improve compliance.[29] We now refine our recommendation and call for the Commission to separately treat the administration of the Code Advocacy subprograms and the Compliance Improvement subprogram, with the latter requiring a non-IOU entity. And, of course, we continue to advocate a central role for local governments in the compliance improvement effort.

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[26] *See* NRDC, pp. 10-11 (discussing the downstream operation of this program).

[27] CodeCycle, pp. 2-3.

[28] CodeCycle, p. 5.

[29] TURN, p. 5.

E. TURN Shares the Concerns of Other Parties About the Cost Sharing Proposal Presented in the *Ruling* for Newly Constituted Statewide Programs

ORA and most of the PAs take issue with the cost sharing proposal presented in the *Ruling*, under which costs for statewide programs would be shared among the relevant IOUs on a pre-set budget basis and adjusted at least once every five years "on a going forward basis, based on actual historical customer participation by geography."[30] For instance, ORA argues,

> [I]n fairness to all ratepayers and in order to avoid situations in which ratepayers in one service territory fund energy efficiency programs in another service territory without receiving the benefits of those programs through avoided service costs, the proposed cost sharing true up should be both retrospective and on a going forward basis in order to account for actual customer participation by service territory.[31]

Similarly, PG&E asserts, "Budget true ups should be done based on actual program participation and/or benefits."[32] PG&E additionally suggests that true ups should take place "no less than once per quarter," in contrast to the *Ruling's* five-year schedule, which is "consistent with the process used by the IOUs and Board of Equalization to transfer funds for the Gas Public Purpose Program (PPP) surcharge."[33] SCE recommends that the cost-sharing true up occur annually, SDG&E recommends "at least once a year," and SoCalGas suggests monthly reconciliation where data exists to permit tying costs directly to program activities within an IOU service territory.[34]

TURN concurs that true ups should be based on actual program participation and/or

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[30] *Ruling*, p. 8.

[31] ORA, p. 10.

[32] PG&E, p. 27.

[33] PG&E, p. 27.

[34] SCE, p. 18; SDG&E, p. 12; SoCalGas, p. 24. Marin Clean Energy (MCE) also recommends a shorter timeframe for true-ups. MCE, p. 18.

benefits, on a retrospective and going-forward basis. As others point out, this check prevents undue cross-subsidization between ratepayers of different IOUs (or CCAs), which would be tolerated under the *Ruling's* approach, at least until the next true up. TURN also shares SDG&E's view that doing a cost sharing true up once per year "is a workable schedule for the true-up of payments to minimize cross-subsidization."[35] Moreover, having an annual cost sharing review process would create regular transparency about where statewide programs are having the most impact, and thus permit consideration of whether the distribution of benefits throughout the state is equitable or otherwise reasonable.[36]

F. Other Proposals for Statewide Standardization or Centralization of Program Support Functions May Have Merit

1. TURN Would Not Oppose an Arrangement Wherein the PAs Would Transfer the Task of Workpaper Development to the California Technical Forum or Another Entity, But Only Under Certain Circumstances

Several parties propose that workpaper development be transferred from the PAs to the California Technical Forum (CalTF) and be paid for by the PAs.[37] PG&E suggests that costs would be shared by the Publicly Owned Utilities (POUs), who would presumably also share in the benefits of the CalTF's efforts. PG&E reasons that this would provide "a consistent way to

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[35] SDG&E, p. 12.

[36] TURN does not intend to suggest that the cost sharing true up process would be the sole source of this information, but it would provide another opportunity for the Commission and stakeholders to consider the operation of the statewide program at issue.

[37] *See, e.g.,* PG&E, p. 20; SCE, p. 5. MCE similarly indicates that CalTF might develop "standardized savings claims, such as DEER [Database for Energy Efficiency Resources] values and other standardized assumptions" as part of a larger statewide data platform MCE recommends that the Commission create, and that would be administered by a third party administrator. MCE, pp. 9-10.

count and estimate savings throughout the state."[38] SCE would have CalTF do this work with a single IOU, who would also oversee customized project reviews for projects statewide. SCE explains, "Such an approach will simplify the overall processes and reduce costs associated with ex ante savings estimates."[39]

While the National Association of Energy Service Companies (NAESCO) likewise recommends a role for CalTF in workpaper development, NAESCO would have the Commission designate a lead IOU PA who would competitively bid out the workpaper production function to an entity which would produce workpapers for all entities, IOU and non-IOU.[40] Under NAESCO's vision, CalTF would develop a standard form for parties to use in requesting a workpaper, CalTF members would review such requests, and where a majority supported the request, the lead IOU would issue a work order to the workpaper implementer, with input from CalTF on parameters.[41] NAESCO explains the need for a new, statewide approach to workpaper development as follows:

> In California, Investor Owned Utilities (IOU) historically have provided workpapers for energy savings estimates of new energy efficiency measures. The costs for the labor to produce these workpapers, both IOU personnel and work performed under contract by non-IOU technical experts, are included in the public goods charge funds administered by the IOUs. If non-IOUs want to produce workpapers and present them to the California Technical Forum (CalTF) or the Energy Division, they must pay for them out of their own funds. Since there is no inherent advantage to having IOUs produce ratepayer-funded workpapers, just as there is no inherent advantage to having IOUs implement energy efficiency programs, the workpaper production function should be competitively bid out to third parties to obtain this service. It is important to note that the Energy Division's recent evaluations of IOUs' workpaper production have indicated poor

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[38] PG&E, p. 20.

[39] SCE, p. 5.

[40] NAESCO, p. 8.

[41] NAESCO, p. 8.

IOU performance generally (ratings of about 40 on a hundred point scale).[42]

TURN would not oppose a move toward centralized workpaper development under two conditions. The first – which may be implicit in the proposals of these parties – is that workapers would continue to be submitted to the Commission for review and approval by Energy Division staff, consistent with the Commission's current authority over energy efficiency ex ante values used by PAs in program planning, implementation, and EM&V.[43]

Second, the IOU PAs would need to demonstrate that they have removed the embedded costs associated with workpaper development from their EE budgets. Otherwise, ratepayers would pay twice for the same workpaper development services, once to the IOU PAs and again to CalTF or another statewide "workpaper implementer." SCE even suggests that a cost/benefit analysis should be conducted to ensure that statewide consolidation of workpaper development and/or customer project reviews (proposed by SCE alone) makes economic sense, in light of IT infrastructure investments that might be required to support these efforts.[44]

With these two conditions, TURN is open to the prospect of the IOU PAs outsourcing workpaper development to a centralized entity, who might help alleviate some of the quality control challenges, duplication, and inconsistencies that appear to plague the current system. However, we are not certain that all of the challenges associated with workpapers would be addressed by this new approach. But as the California Energy Efficiency Industry Council (CEEIC) points out, increasingly relying on pay-for-performance program approaches that look to normalized metered energy consumption (NMEC) changes to establish savings, and thus

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[42] NAESCO, pp. 7-8.

[43] *See, e.g.,* D.15-10-028, pp. 102-103 (discussing the workpaper review process).

[44] SCE, p. 5.

performance, "will simplify administration [of EE programs] by reducing the dependency on workpaper preparation, reduce demands on the Energy Division, improve the validity of measured savings, and ease evaluation."[45] Perhaps with both of these changes – centralized workpaper development by a non-IOU entity and more NMEC-dependent programs – workpapers will cease to be such a source of collective frustration.

2. PG&E's Proposal for A Statewide Portal to Handle Rebate Processing for Statewide Downstream Interventions Is Intriguing.

PG&E offers some thoughtful suggestions for centralizing program delivery support functions in order to improve consistency and reduce costs. For instance, PG&E suggests that a single statewide entity could provide operations and support for statewide downstream interventions by operating a "portal" for use by local programs and contractors.[46] PG&E explains:

> This centralized operational support would include one application for all program administrators for rebates and incentives, consistent statewide incentive levels, one tracking and processing system, one quality assurance/quality control (QA/QC) procedure. This will improve statewide consistency for downstream programs that are administered locally by each program administrator.
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> Importantly, market actors such as Energy Services Companies (ESCO), trade professionals, architects, designers, contractors and others not under contract to an IOU should be able to submit program applications on behalf of customers via the statewide operations entity. The ability to offer customers and market actors a "self-service" delivery channels is critical and remains an important way to cost-effectively scale energy efficiency.[47]

TURN appreciates this suggestion from PG&E. We recommend that the Commission

[45] CEEIC, p. 10.

[46] PG&E, p. 20.

[47] PG&E, p. 20.

invite the PAs to present a proposal for a statewide portal along the lines proposed by PG&E, including more operational detail and a cost/benefit analysis. The additional showing we seek would include, but not be limited to, the following information:

- How would the "portal" address situations where regional differences in incentive levels for measures offered statewide might be appropriate because of climate or grid needs, for instance?
- What level of IT investment would be necessary by the IOUs to support the portal, including estimates of one-time and ongoing capital expenditures, O&M expenses, and in-house or contract labor costs?
- To what extent would IOU labor and non-labor costs, other than IT-related, go down if the Commission were to authorize the development of a statewide portal along the lines proposed by PG&E?
- How would the costs of a statewide operations entity be apportioned among the PAs whose programs would be supported by the portal?
- How should the statewide operations entity be selected?

3. TURN Agrees with Parties that the Commission Should Direct the PAs to Address Contractor and Workforce Standards in Their Business Plans as a Complement to WE&T Programs.

The BlueGreen Alliance recommends that the Commission require the inclusion in the PA Business Plans of a "responsible workforce quality policy that is consistent and complementary with the" IOUs' Workforce, Education and Training (WE&T) programs, consistent with the following workforce goal set forth in the Long-Term Energy Efficiency Strategy Plan: "By 2020, California's workforce is trained and fully engaged to provide the human capital necessary to achieve California's economic energy efficiency and demand-side management potential."[48] As they note, "This goal requires more than just funding education and training programs, it also requires the program administrators to take steps to ensure that ratepayer-subsidized energy efficiency measures are installed using a properly trained workforce."[49] The BlueGreen Alliance warns: "[A]n inadequately trained workforce is a major barrier to the persistent energy efficiency savings that the state will need if it is to achieve its Senate Bill 350 goals and its GHG reduction goals."[50] The California State Labor Management Cooperation Committee for the International Brotherhood of Electrical Workers and the National Electrical Contractors Association (IBEW-NECA LMCC) and the Joint Committee on Energy and Environmental Policy (JCEEP) similarly advocate the adoption of statewide standards that would be applied to all programs concerning responsible contractor requirements, workforce quality requirements, and requirements regarding opportunities for low-income and disadvantaged workers.[51]

TURN agrees that the PA Business Plans should reflect the importance of a highly trained EE workforce by explicitly incorporating proposals for responsible contractor requirements, workforce quality requirements, and requirements regarding opportunities for low-income and disadvantaged workers. The CEC's AB 758 "Existing Buildings Energy Efficiency Action Plan" explains that the development of California's efficiency workforce requires a number of actions, one of which is using Utility EE programs to create demand for knowledge,

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[48] BlueGreen Alliance, p. 8.

[49] BlueGreen Alliance, p. 8.

[50] BlueGreen Alliance, pp. 5-6 (citing the 2014 Report prepared by the Don Vial Center on Employment in the Green Economy for the CPUC, *Workforce Issues and Energy Efficiency Programs: A Plan for California's Utilities*).

[51] IBEW-NECA LMCC and JCEEP, p. 14.

skills, and abilities needed for high quality building EE retrofit work.[52] The CEC also highlights the key recommendations presented by Don Vial Center on Employment in the Green Economy in its 2014 report prepared for the CPUC, "to both prepare California's workforce to successfully deliver energy efficiency, and to increase the demand for these workforce services by setting standards or certification requirements for using utility rebate and incentive programs." TURN replicates that portion of the CEC's AB 758 Action Plan here:[53]

> **Workforce Issues and Energy Efficiency Programs: A Plan for California's Utilities**
>
> Donald Vial Center recommendations:
>
> - Utility incentive programs should require that contractor and workforce standards be met.
> - Utility WE&T programs should align with, leverage, and influence the state's principal training and education institutions.
> - WE&T funds should be directed to organizations with core competencies in workforce training.
> - Utility efficiency program portfolios should include skill-building opportunities for disadvantaged workers and broaden access to living wage jobs.

TURN defers to others with WE&T expertise regarding the appropriate contractor and workforce standards, skills requirements, and related policies, with demonstrable links to improved installation and maintenance quality, and thus EE performance, that the Commission

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[52] CEC's AB 758 Existing Buildings EE Action Plan, September 2015, Strategy 3.3 (High-Performance Workforce and Education), pp. 76-77.

[53] CEC's AB 758 Existing Buildings EE Action Plan, September 2015, Strategy 3.3 (High-Performance Workforce and Education), p. 77.

should adopt.

III. CONCLUSION

TURN appreciates the opportunity to provide these reply comments in response to the *Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third-Party Programs*. For the reasons discussed herein, TURN recommends that the Commission adopt our proposals regarding statewide programs and third-party programs, as reflected here and in our opening comments.

Date: July 1, 2016

Respectfully submitted,

By: __________/s/______________

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