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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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

Rulemaking 13-11-005
(Filed November 14, 2013)

**REPLY COMMENTS OF THE RURAL HARD TO REACH WORKING GROUP ON
COMMENTS SUBMITTED ON
RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE
SEEKING INPUT ON APPROACHES FOR STATEWIDE AND THIRD-PARTY
PROGRAMS**

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Dated: July 1, 2016

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I. Introduction

The Rural Hard to Reach Working Group (RHTR) respectfully submits these reply comments in response to the opening comments that have been submitted to the Ruling of Assigned Commissioner and Administrative Law Judge (ALJ) dated May 25, 2016. This comment is filed on behalf of the constituency of RHTR, including: Association of Monterey Bay Area Governments, Community Development Commission of Mendocino County, High Sierra Energy Foundation, Redwood Coast Energy Authority, County of San Luis Obispo, San Joaquin Valley Clean Energy Organization, Sierra Business Council, and Valley Vision. The RHTR appreciates the intent of this Ruling; which we interpret to be the enhancement of current statewide programs to meet the goals of SB 350, and we appreciate the opportunity to provide reply comments.

The RHTR is composed of Local Government Partnerships (LGPs) operating an energy efficiency program in partnership with one of the four Investor Owned Utilities and located within the geographical area of the region that serves customers, a majority of which are located in rural, hard to reach communities. The objectives of the RHTR are: (i) to increase the quality of delivered energy related services and products to rural California communities; (ii) to assess rural California’s ongoing and crosscutting barriers to the market adoption of energy related services and products; (iii) to positively influence local regional and state policy and regulatory discussion and decisions to address barriers and drivers in rural California; and (iv) to cooperate and collaborate with other agencies, associations and groups, both public and private, having similar or related purposes. The RHTR LGPs operate programs throughout 30 counties of California and represent a significant portion of the state’s geography (see Appendix A). The RHTR supports the implementation of the Rolling Portfolio and actively participates in the development of the Business Plans with one member serving on the California Energy Efficiency Coordinating Committee (CAEECC) and as the co-chair of the Public Sector Subcommittee and six additional members participating in the sector-specific subcommittees for Commercial, Cross Cutting, Industrial, Public and Residential.

II. Reply Comments in agreement.

- A. Problematic nature of statewide administration
- B. Exclusion of Local Government Partnerships from Statewide Administration
- C. Appropriateness of Upstream and Midstream programs for Statewide Administration
- D. Lack of proof of concept in California and need for analysis

A. Problematic Nature of Statewide Administration

The members of RHTR have a deep and abiding obligation to ensure rural California is engaged and active in Energy Efficiency program offerings. We have collectively observed that our geographically-remote communities are undesirable for many large, statewide capable contractors to serve—far more so than the other CPUC defined “hard to reach” markets. Experience has shown that energy savings that can be captured in urban areas, typically located near a contractor’s office, are more desirable than the energy savings obtained in remote

locations; the additional costs associated with labor and travel to rural communities inhibits the contractor's ability to be cost effective.

RHTR agrees with Sierra Business Council comments, "A one-size-fits-all implementer of energy efficiency programs throughout the state will leave many rural and disadvantaged communities without appropriate and effective service because regions of the state which are not easily accessible within a short drive distance are often neglected."¹

Furthermore, a one-size-fits-all approach, as outlined in the Ruling, disproportionately impacts rural California and our disadvantaged ratepayers. Without the ability to tailor programs to fit local needs we know our customers will be less engaged, less likely to connect and require additional resources to reach. These barriers prevent rural ratepayers from participation.

RHTR agrees with SDG&E comments, "...a one-size-fits-all approach is fundamentally problematic"² and "With a "one-size-fits-all" approach, a single implementer will lose the flexibility to serve customers in unique ways that are critical to consider given the geographic and demographic diversity across the various service territories."³

RHTR also supports the comments of Sonoma Clean Power, "...statewide programs are designed to provide uniform approach regardless of location, there are regional and local differences in consumer needs for and uses of such programs." As well as their suggestion that, "regional implementers would be better informed and responsive to regional and local differences."⁴ This is a particularly meaningful suggestion as each of our eight RHTR LGPs already serve as regional implementers and have been for multiple portfolio periods.

B. Exclusion of Local Government Partnerships from Statewide Administration

LGPs are unique programs that integrate rates and other Investor Owned Utility (IOU) programs and services that are not and should not be uniform across the state in order to provide a localized customer experience. RHTR does not believe LGPs would be more effective in their

¹ Comments of Sierra Business Council on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 2

² Opening comments of SDG&E on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 1

³ Opening comments of SDG&E on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 2

⁴ Comments of Sonoma Clean Power Authority on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 4

delivery of energy savings or local capacity building under a statewide model. The ability to customize a diversified portfolio to serve the specific needs of a local community is the competitive advantage that secures deeper energy savings for a LGP.

RHTR calls attention that the following groups all called out the need for LGPs and local governments to remain out of statewide administration in one way or another:

- Association of Monterey Bay Area Governments
- Bay REN
- East Bay Energy Watch
- Marin Clean Energy
- Pacific Gas & Electric Company
- San Diego Gas & Electric
- Sierra Business Council
- Sonoma Clean Power Authority

The RHTR agrees with the comment of SDG&E, “SDG&E strongly recommends that certain programs like LGPs and its residential behavioral programs should remain individual utility-administered programs...”⁵

We support Marin Clean Energy in their suggestion that, “CCAs, RENs, LGPs and local government implementer programs should be preserved under any changes to the Statewide and Third Party Programs.”⁶ Additionally we support the comment, “The downstream (at the end user level) programs are too difficult to clearly divide between those appropriate for a statewide approach and those with the need for tailored local approaches.”⁷

The BayREN comment, “From BayREN’s experience, our residential programs have been very successful in part because of our local government outreach and continued engagement throughout the upgrade process. This local connection would be lost with a single

⁵ Opening comments of SDG&E on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 2

⁶ Comments of Marin Clean Energy on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 6

⁷ Comments of Marin Clean Energy on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 14

statewide administrator”⁸ points to the unique relationship of a local government’s ability to uniquely impact the end user and the need for local control at the ground level.

RHTR supports the PG&E comment, “IOUs should retain their roles as the program administrators for downstream programs (i.e. customer-facing programs) and local programs, regardless of customer sector to demonstrate that energy efficiency is a reliable resource.”⁹ Furthermore RHTR agrees with PG&E assertion that, “...LGPs should be allowed to continue to deliver cost effective, comprehensive local and regional programs to small and medium business customers and the public sectors...PG&E recommends that the existing LGP model continue in the future.”¹⁰

RHTR members AMBAG and SBC summarized our collective opinion in their shared comment, “It is our hope that this ruling does not and would not apply to LGPs... In the 2013-15 Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 6, published January 14, 2016, under the section titled Sector and Program Area Long Term Research Roadmaps – Local Government Partnership “the local government partnerships are not statewide programs...”¹¹

Moreover, it is quite possible that a change to a statewide administrator for LGPs would negatively impact the cost effectiveness of LGPs as they would have to support/cost share the higher startup costs and implementation costs of the new statewide administrator. Of equal importance, the market disruption of such a dramatic change is unknown and has the potential to dramatically derail high performing programs in rural and hard to reach communities. As such the impact of having to carry these new startup costs and lengthy market disruptions will have a much greater negative impact on our Total Resource Cost (TRC) and ability to produce energy savings.

⁸ Comments of the Association of Bay Area Governments on Behalf of the San Francisco Bay Area Regional Energy Network Regarding Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 6

⁹ Comments of Pacific Gas and Electric Company on Statewide and Third-Party Programs, page 3

¹⁰ Comments of Pacific Gas and Electric Company on Statewide and Third-Party Programs, page 28

¹¹ Comments of Sierra Business Council on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 2 and Comments of the Association of Monterey Bay Area Governments on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 2

Rather than taking these successful LGP programs and requiring them to undergo a wholesale change to a statewide administered program, the Commission should first verify that a new statewide approach for LGPs would in fact improve the TRC and provide for greater effectiveness in delivering higher energy savings. For example the reporting data for the partnerships in the PG&E territory (which includes both rural and non-rural LGPs) for the period ending 2015 state that these partnerships have a TRC of 1.0. The Commission should verify if moving to a new statewide approach would improve this TRC or diminish it.

C. Appropriateness of Upstream and Midstream programs for Statewide Administration

While RHTR does not support efforts to move downstream programs to a statewide model, we do support those comments suggesting upstream and midstream as appropriate to pilot under a graduated statewide administration.

RHTR agrees with the comments submitted by Ecology Action in response to question 13. Their response states, “Yes. The Statewide category (however it is ultimately defined) should explicitly exclude downstream programs and measures. We believe downstream programs in particular are not well suited to statewide administration and implementation. The Subprogram list should be revised to eliminate downstream programs such as Commercial, Agricultural, Industrial, HVAC, Lighting, and both Deemed and Calculated approaches. In addition, the Statewide definition should not require “big box retailers, chain restaurants, chain hotels, grocery stores, and other customers of a similar nature” to be served by Statewide programs. Often these entities make EE decisions at the local level not the corporate level, and are better served by downstream programs.”¹²

RHTR supports the positions of Ecology Action, “We agree that a statewide approach is most appropriate for Upstream and Midstream programs. However, we do not support the proposal to include downstream programs in the statewide mix...Small and Medium Business (SMB) and Hard to Reach (HTR) customers in particular would be poorly served by the proposed approach;”¹³ and BayREN- “The definition of statewide programs is limited to

¹² Comments of Ecology Action of Santa Cruz on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 9

¹³ Comments of Ecology Action of Santa Cruz on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 3

upstream and midstream programs and does not include customer facing programs,”¹⁴ “The proposal should establish that it has met the criteria for a statewide program. That is, the program is designed to be uniform across the state, and is generally targeting upstream (at the manufacture level) or midstream (at the distributor or retail level);”¹⁵ and Marin Clean Energy- “The Commission should define the scope of Statewide Programs as upstream and midstream efforts. While, several listed activities appear inappropriate for a consistent approach statewide because they have local components that vary by geography...the upstream (at the manufacturer level) and midstream (at the distributor or retailer level) activities are a very good fit.”¹⁶; 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 thought statewide administration. This includes midstream and upstream programs delivered though manufacturers, distributors, and retailers.”¹⁷

D. Lack of proof of concept in California and need for analysis

RHTR supports the need for proof of concept prior to a system wide change. Before moving administration of various programs, the Commission should first verify that a new statewide approach would in fact improve the TRC and provide for greater effectiveness in delivering higher energy savings.

In support of this approach, RHTR agrees with SDG&E comment, “Presentations from other states are interesting but there is no Commission analysis or discussions as to what features of these programs are applicable to California’s very diverse population or a discussion of the potential drawbacks of these models.”¹⁸ RHTR also supports the suggestion that, “A fundamental

¹⁴ Comments of the Association of Bay Area Governments on Behalf of the San Francisco Bay Area Regional Energy Network Regarding Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 1

¹⁵ Comments of the Association of Bay Area Governments on Behalf of the San Francisco Bay Area Regional Energy Network Regarding Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 3

¹⁶ Comments of Marin Clean Energy on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 11

¹⁷ Comments of Pacific Gas and Electric Company on Statewide and Third-Party Programs, page 6

¹⁸ Opening comments of SDG&E on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 6

departure from the current EE administration framework, if adopted, should be based on a thorough study and analysis, which at this time is simply lacking.”¹⁹

III. Conclusion

The Rural Hard to Reach Working Group thanks the Assigned Commissioner and the ALJ for the opportunity to submit reply comments on the comments submitted on statewide programs.

Dated: July 1, 2016

Respectfully submitted,



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¹⁹ Opening comments of SDG&E on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on approaches for Statewide and Third-Party Programs, page 7

