



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

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

**CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION REPLY
COMMENTS ON PROPOSED DECISION PROVIDING GUIDANCE FOR
INITIAL ENERGY EFFICIENCY ROLLING PORTFOLIO BUSINESS PLAN
FILINGS**

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Dated: August 15, 2016

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In accordance with Rule 14.3 of the California Public Utilities Commission’s (“Commission”) *Rules of Practice and Procedure*, and the *Proposed Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings* (“PD”), dated July 19, 2016, the California Municipal Utilities Association (“CMUA”) respectfully submits these reply comments.

I. REPLY COMMENTS

1. CMUA Supports the Comments of Numerous Parties Supporting the Retention of Codes and Standards Advocacy Savings.

The PD proposes to implement Assembly Bill (“AB”) 802 (2015) by transitioning to a new baseline policy framework where “utilities will be able to claim credit from their customer-facing programs toward their goals for bringing facilities up to and beyond codes and standards through their programmatic efforts”¹ However, the PD argues that this new framework “creates the potential for double counting of ‘codes and standards advocacy’ savings towards overall savings goals.”² To address this potential for double counting, the PD proposes to remove codes and standards goal setting from the portfolio and “remove the crediting of energy savings from codes and standards advocacy towards codes and standards goals.”³

¹ PD at 26.

² *Id.*

³ PD at 28.

The following parties filed comments raising objections to the PD’s proposal to completely remove credit for codes and standards advocacy: San Diego Gas and Electric Company (“SDG&E”),⁴ Pacific Gas and Electric Company (“PG&E”),⁵ Southern California Edison Company (“SCE”),⁶ Southern California Gas Company (“SoCalGas”),⁷ Natural Resources Defense Council (“NRDC”),⁸ and the California Energy Efficiency Industry Council (“Efficiency Council”).⁹ In contrast, the only party to support the removal in opening comments is the Office of Ratepayer Advocates (“ORA”).¹⁰

CMUA supports the large and diverse group of commenters that oppose the complete elimination of attribution for codes and standards savings. The proposal in the PD is both premature and misguided. Instead, the Commission should address concerns about double counting through a more technical approach that is focused on those end uses and measures that have been analytically shown to be subject to potential double counting.

A. The Double Counting Risk is Comparatively Small.

While the potential for double counting should certainly be addressed, the proposal goes well beyond eliminating actual double counting. The record of this proceeding is full of caution from a variety of the parties advocating for continuing to include codes and standards advocacy savings. CMUA understands that Navigant, the Commission’s consultant on this question, previously argued that the potential double counting analyzed to date is likely over-estimated and in need of further refinement. The analytical evidence indicates that the potential double counting amounts to about 10 percent to 20 percent of the codes and standards crediting. The proposed elimination will throw out roughly 80 percent to 90 percent of the total codes and standards savings credit that has limited or no double counting potential. It is far better to address the limited double counting on a case by case basis with more analytical rigor.

⁴ SDG&E Comments at 3.

⁵ PG&E Comments at 7.

⁶ SCE Comments at 8.

⁷ SoCalGas Comments at 12.

⁸ NRDC Comments at 3-6.

⁹ Efficiency Council Comments at 4-8.

¹⁰ ORA Comments at 7-8.

B. The Proposal Would Result in Less Funding for Codes and Standards Advocacy.

While the PD suggests that codes and standards advocacy programs may still be funded, the PD's proposal would send a signal to PAs to reduce funding in this area. Why would funding be proposed at current levels if no credit is provided? Why would this not challenge the overall cost-effectiveness of an energy efficiency portfolio? The PD is inconsistent with the placement of codes and standards advocacy programs in "a central strategic position within the IOU energy efficiency portfolio" as the Commission called for previously in Decision ("D.") 12-05-015.¹¹

C. The Proposal Would Negatively Impact Other State Environmental Goals.

Third, the proposed decision is likely to impede the state's ability to cost-effectively meet statewide goals, including doubling efficiency by 2030 (Senate Bill 350 (2015)), reducing greenhouse gas emissions to 40 percent below 1990 levels by 2030, and achieving zero net energy buildings. These policies ultimately require continued development of significant new efficiency standards in order to foster long-term market transformation. The codes and standards advocacy programs have been the primary vehicle for this essential development since 1998, yielding extensive cost-effective energy efficiency savings. There have been over 100 building codes, over 50 state appliance standards, and over 100 federal appliance standards and updated test procedures. This has resulted in long term, sustainable, and cost-effective energy savings for virtually every ratepayer in the state of California.

D. The Commission Should Continue Crediting for Codes and Standards Advocacy with Appropriate Protection Against Demonstrable Double Counting.

CMUA agrees with the diverse set of commenters that recommend that the Commission continue setting goals and providing crediting for the entire portfolio, including codes and standards advocacy, while addressing the double counting concern through a more technical approach that is focused on those end uses and measures that have been analytically shown to be subject to potential double counting.¹² This approach will continue to foster, rather than devalue

¹¹ D.12-05-015 at 246.

¹² See, e.g., SCE Comments at 11-12; NRDC Comments at 4-5 (for discussion on double counting).

or throw out, the existing collaborative savings infrastructure that has been developed with utilities and the California Energy Commission. This infrastructure has achieved cost-effective savings for all customers rather than focusing on voluntary program uptake.

2. CMUA Supports the Comments of SoCalGas on Single Program Administrators.

The comments filed by SoCalGas raise concerns with the PD's proposal to consolidate the statewide programs into a single PA.¹³ SoCalGas argues that this proposal will be inefficient and less effective than the current structure. CMUA agrees with the concerns expressed by SoCalGas and concurs that the Commission should not revert to this prior structure.

CMUA notes that many publicly owned electric utilities ("POUs") partner with the four large investor owned utilities in these statewide programs. Like SoCalGas, CMUA is concerned about these programs being administered by a single entity that may not have any presence in its service territory or any knowledge of or attachment to its community. In particular, programs that are targeted at low income customers benefit from these types of partnerships. Implementing programs that successfully provide these services to low income customers is uniquely challenging and PAs that are located in the same community and have a history of working with these customers can better understand and address these challenges.

Additionally, as local governmental entities, the decision of many POU's to partner with a particular IOU in offering these joint programs is based in large part on the identity of that IOU and the existing relationships that they have. Further, the POU's generally have to undergo a lengthy process to gain necessary approvals and put the required structures in place in order for the POU to participate in these joint programs. It is unclear whether POU's would be as willing to form these same partnerships with a remote PA without any history or presence in the POU's service territory.

As an example of these existing programs, SoCalGas has partnered with numerous local governmental entities, including POU's, to offer a wide array of joint programs. The Los Angeles Department of Water and Power ("LADWP") has eighteen joint programs¹⁴ with SoCalGas

¹³ SoCalGas Comments at 3-4.

¹⁴ The eighteen joint LADWP/SoCalGas programs include the following: RCx Express; California Advanced Homes Program – CAHP; Energy Upgrade California – EUC; Multi-Family Direct Therm (Multifamily Direct Install Program); Savings by Design; Better Buildings Challenge Technical Services Program; LA Chamber of

ranging from *Energy Upgrade California*, which provides incentives for whole-house efficiency upgrades, to the *Los Angeles Unified School District – Direct Install and Educational Outreach*, which provides design assistance, project management experience, and retrofitting installation to Los Angeles schools. Similarly, Riverside Public Utilities partners with SoCalGas to jointly offer three programs, including the Food Service Energy Survey Program, which offers commercial kitchens and institutional food preparation facilities comprehensive energy, gas and water efficiency audits.

Finally, as CMUA has noted on many previous occasions, retaining flexibility and local control over these programs is a top priority for POUs. In the context of a participating in statewide program, this flexibility and control is less likely to occur with a single PA. The current structure has been successful, is producing good results, and should not be replaced.

II. CONCLUSION

CMUA appreciates the opportunity to provide these reply comments.

Dated: August 15, 2016

Respectfully submitted,



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Commerce Marketing and Outreach; LAUSD - Direct Install and Educational Outreach; Direct Install - Small Business – SBDI; Codes and Standards; Emerging Technologies; Educational, Training and Outreach – Connections; Multifamily Energy Upgrade California; Energy Savings Assistance Program (ESAP) - Income Qualified; Energy Advantage Program for Small Business; Comprehensive Food Service Program; Engineering Support for Calculated Programs; and University of California/California State University Partnership Program.