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

NATURAL RESOURCES DEFENSE COUNCIL (NRDC) REPLY COMMENTS ON THE PROPOSED "DECISION PROVIDING GUIDANCE FOR INITIAL ENERGY EFFICIENCY ROLLING PORTFOLIO BUSINESS PLAN FILINGS"

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Lara Ettenson
Natural Resources Defense Council
111 Sutter St., 21st Floor
San Francisco, CA 94104
(415) 875-6100
lettenson@nrdc.org

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I. Introduction

Pursuant to Rules 1.9, 1.10, and 14.3 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, the Natural Resources Defense Council (NRDC) submits the following reply comments on the "Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings," July 19, 2016 (PD or Proposed Decision). NRDC is a non-profit membership organization with more than 70,000 California members who have an interest in receiving affordable energy services while reducing the environmental impact of California's energy use.

II. Discussion

A. NRDC supports party comments to surgically address the issue of possible double counted savings, based on best available data and methodologies.

Numerous parties acknowledge the important task of ensuring the state is not double counting savings from below code programs and codes and standards advocacy. NRDC agrees with this objective and with parties that proposed more targeted approaches to resolve the issue so the cure to the problem does not unintentionally undermine the most cost-effective source of savings. (McHugh, p.8; Energy Solutions, p.4-12; ASAP, p.4 & 7; SCE, p.11; PG&E, p.7;

CEEIC, p.4-8) NRDC agrees with parties that it is appropriate to remove savings associated with specific below code saving programs. (ASAP, p.4)

LADWP (Energy Solutions, p.5-6) and the Northwest Energy Efficiency Alliance (NEEA) have methodologies to assess and/or address double counting. Thus, while we agree more data is needed to better understand the overlap, especially as more programs capture below code savings, there is sufficient available data and/or methodologies to apply a targeted approach to removing overlapping savings beginning in 2017. Parties should work with the CPUC, national experts, and the CalTF if possible, to determine an appropriate methodology that accounts for the potential double counting associated with the approved below code program options, also noting that these programs will likely comprise a small portion of program savings for the next few years.

B. The Commission should allow for flexibility in determining statewide program categories for filing Program Administrators' (PAs) business plans.

NRDC agrees that the existing categories may not be the most effective for statewide upstream and midstream program design and to allow PAs to propose categories that track best with proposals in their business plans. (TURN, p.1; SCE p.6) We also agree that some statewide programs may be more effective as partnerships rather than being implemented by one entity (e.g., Emerging Technologies and Codes & Standards). (CEEIC p.12; SCE p.7; SCG, p.5) These items should be up for modification as part of the business planning process.

C. Utilities provide valuable contributions to the planning and design of programs, especially in areas to address reliability needs and targeted infrastructure upgrades.

NRDC agrees with parties who identify the importance of having the utilities involved in program design and planning efforts. (Nexant p.2&4; NAESCO, p.3; PG&E, p.6; SCE, p.2 & 6, SCG, p.6; SDG&E, p.10) While we have long supported expanding opportunities for third party design and implementation of programs, it is not clear in the Proposed Decision why it would be beneficial to remove utilities from the majority of design and planning activities. Instead, we suggest the Commission articulate the importance of the utilities' role in identifying and addressing areas of need beyond the opportunities available for third parties.

D. NRDC supports the increased use of collaboratives but notes the number of deferred issues may require CPUC resolution prior to business plan filings.

Many parties support the use of collaborative efforts to resolve differences but also note the need for added clarity regarding resolution of the numerous issues (CEEIC, p.9; PG&E, p.3; Ecology Action, p.3; NAESCO, p.4). However as noted by PG&E (p.3), there may be times when collaborative discussions do not resolve all outstanding items and NAESCO (p.4) notes the importance of clear goals to ensure a successful process. Given the large number of complex items being deferred to CAEECC (e.g., vetting the approach to transitioning to an increased percentage of third party programs, identifying which PA would be responsible for various statewide programs, and identifying downstream programs), NRDC supports identifying objectives and expectations to ensure all parties and CPUC staff are on the same page regarding what is possible prior to filing business plans. If the CAEECC process does not yield decisions needed prior to business plan filings, we agree with outlining a follow-up process as needed.

E. A new Peer Review Group process is needed to ensure transparency in the third party bidding process.

NRDC agrees with ORA (p.4) and NAESCO (p.5-6) that a new approach is needed to replace the current Peer Review Group process, intended to ensure transparency and fair treatment of the third party bidding opportunities. While NRDC is open to discussing various options, such as an independent evaluator, we urge the Commission to consider the cost of such an approach as compared to the benefit. The current Procurement Review Group that addresses conventional power procurement involves substantially more investment than efficiency. NRDC is open to testing out a modified approach at an appropriate cost.

We therefore recommend that one or more modified Peer Review Group approaches be tested in 2017 (assuming there will be bids), the CPUC explore ways to ensure additional non-financially interested parties are involved with the process, and there is clear guidance on what type of information could be vetted publicly versus through a non-financially interested body. This information could inform the more comprehensive approach moving forward. NRDC looks forward to working with ORA and other interested parties and the CPUC to develop a process to replace the current Peer Review Group.

F. NRDC disagrees with ORA's proposal to modify the current AB 802 guidance for major alterations.

NRDC disagrees with ORA that the AB 802 guidance in the PD should be modified to incorporate the baseline approach proposed in the staff whitepaper for major alterations. (ORA, p.4) The staff proposal on this matter is complicated, not clearly specified, and would likely lead to challenges in implementation (e.g., How does the documentation get evaluated? What is the decision-making process? What photographs would be needed to prove that the building is outdated?). Instead, we suggest the Commission continue with their approach that "allows for a simpler framework with fewer exceptions to a default existing conditions baseline" and re-evaluate the policy after implementation to determine if it needs to be modified.

G. The Commission should iteratively implement the statewide policy to ensure the benefits outweigh the costs.

A number of parties raised that it is unclear why moving to a statewide program approach as described in the proposed decision would be more efficient. In addition, there were a number of additional considerations presented (e.g., transition time, unclear if the costs associated with the new approach would be an improvement, additional layers to implement programs, etc.) that were not addressed in the proposed decision and could have large impacts on the effectiveness of delivering comprehensive efficiency offerings across the state, including local needs. (UC/CSU, p.2; SDG&E, p.5; SCG, p.10; CEEIC, p.13-14) In addition, it is unclear the implication of such a policy on statewide partnerships that go beyond the IOUs. For example, it is possible that the proposal would result in disbanding the unique SCG and LADWP partnership, which ensures combined water, electricity, and gas efficiency offerings to overlapping customers.

As such, NRDC supports SDG&E (p.6), UC/CSU (p.2), SCG (p.10), and CEEIC (p.13) who recommended that this policy be implemented in stages (e.g., start with two programs, remove downstream programs, and/or pilot only one downstream programs) to see how it works in practice before extending it to the full list of potential statewide programs. The CAEECC would continue to be a good forum to discuss which programs should move forward.

H. NRDC urges the Commission to enable public participation regarding future accounting and reporting modifications.

NRDC was unaware of the efforts to modify the reporting requirements per SDG&E's opening comments. (SDG&E, p.12) Given that reporting and accounting modifications could have implications for implementing programs over time and for transparency purposes, we agree that the Commission should put proposals out for public review and comment.

III. Conclusion

NRDC appreciates the discussion of evolving current policies and looks forward to working with staff and stakeholders to develop solutions to identified issues.

Dated: August 15, 2016

Respectfully submitted,

Lara Ettenson

Lara Ettenson, Director, CA EE Policy
Natural Resources Defense Council
111 Sutter St., 21st floor
San Francisco, CA 94104
415-875-6100
lettenson@nrdc.org