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

Application of Southern California Edison Company
(U338E) for Approval of its Energy Savings Assistance
and California Alternate Rates for Energy Programs and
Budgets for Program Years 2015-2017.

A.14-11-007
(Filed November 18, 2014)

And Related Matters.

A.14-11-009
A.14-11-010
A.14-11-011

**REPLY COMMENTS OF THE NATURAL RESOURCES DEFENSE
COUNCIL (NRDC), NATIONAL CONSUMER LAW CENTER (NCLC),
AND THE CALIFORNIA HOUSING PARTNERSHIP (CHPC) ON THE
PROPOSED DECISION AND ALTERNATE PROPOSED “DECISION ON
LARGE INVESTOR-OWNED UTILITIES’ CALIFORNIA ALTERNATE
RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE
(ESA) PROGRAM APPLICATIONS”**

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Table of Contents

I.	INTRODUCTION	1
II.	DISCUSSION	1
A.	ASHRAE audits should determine <i>all</i> in-unit and common area measures for <i>any multifamily owner interested in whole-building treatment</i> , even if the property lacks common area or central system measures	1
B.	It is appropriate and prudent to use unspent funds to provide additional benefits for the underserved multifamily sector.....	2
C.	We urge the CPUC to adopt an ESA-adder for those properties interested in participating in the EUC-MF program now, and defer to the multifamily working group consideration of alternative methods for integrating funding with the general efficiency proceeding such that owners would only experience a single program offering.	2
D.	Pre-paid postage to landlords is not an effective approach; the opt-out approach proposed by the APD obviates the need for this offering.....	3
E.	We recommend all utilities submit an advice letter with their implementation plans to explore the feasibility of expanding OBF to multifamily, as proposed by PG&E.	3
F.	The record shows a layered approach to multifamily offerings is ineffective and should not be continued.	3
G.	The Commission should authorize an ESAP mid-cycle coordinating committee and authorize a ruling or decision in 2018 to enable additional programmatic changes.....	3
H.	CSD’s recommendations on data sharing, for a single multifamily implementation structure, and for a Program Coordination Working Group (PCWG) should be approved, but the PCWG should fall within our proposed ESAP Committee structure.	4
I.	We agree with the majority of parties that an interim energy savings goal should be adopted; however, the Commission should increase the goals to ensure they are meaningful.	5
J.	We agree with MCE that heat pumps are an appropriate pilot measure and urge the Commission not to reject NRDC et al.’s heat pump proposals outright. Instead, the commission should direct the mid-cycle working group to evaluate NRDC’s proposals. .	5
III.	CONCLUSION.....	5
APPENDIX A	Error! Bookmark not defined.

SUMMARY OF RECOMMENDATIONS

Multifamily Recommendations

- ASHRAE audits should determine *all* in-unit and common area measures for *any multifamily owner interested in whole-building treatment*, even if the property lacks common area or central system measures.
- It is appropriate and prudent to use unspent funds to provide additional benefits for the underserved multifamily sector.
- The CPUC should adopt an ESA-adder for those properties interested in participating in the EUC-MF program.
- The record shows a layered approach to multifamily offerings is ineffective and should not be continued.
- We recommend all utilities submit an advice letter with their implementation plans to explore the feasibility of expanding OBF to multifamily, as proposed by PG&E.
- Pre-paid postage to landlords is not an effective approach; the opt-out approach proposed by the APD obviates the need for this offering.

Working Group Activity and Mid-cycle Decision

- The Commission should authorize an ESAP mid-cycle coordinating committee and authorize a ruling or decision in 2018 to enable additional programmatic changes.
- CSD's recommendations on data sharing, for a single multifamily implementation structure, and for a Program Coordination Working Group (PCWG), should be approved, but the PCWG should fall within our proposed ESAP mid-cycle coordinating committee structure.

Energy Savings Goals

- We agree with the majority of parties that an interim energy savings goal should be adopted now; however, the Commission should increase the goals to ensure they are meaningful.

Measure Authorizations

- We agree with MCE that heat pumps are an appropriate pilot measure and urge the Commission not to reject NRDC et al.'s heat pump proposals outright. Instead, the Commission should direct the mid-cycle working group to further assess NRDC et al.'s proposals.

REPLY COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL (NRDC), NATIONAL CONSUMER LAW CENTER (NCLC), AND THE CALIFORNIA HOUSING PARTNERSHIP (CHPC) ON THE PROPOSED DECISION AND ALTERNATE PROPOSED “DECISION ON LARGE INVESTOR-OWNED UTILITIES’ CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE (ESA) PROGRAM APPLICATIONS”

I. INTRODUCTION

The Natural Resources Defense Council (NRDC), the National Consumer Law Center (NCLC), and the California Housing Partnership (CHPC) respectfully submit these reply comments on the *Proposed Decision and Alternate Proposed Decision On Large Investor-owned Utilities’ 2015-2017 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications*, issued on August 16, 2016. These comments are filed pursuant to rules 14.3 of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure.

II. DISCUSSION

A. ASHRAE audits should determine *all* in-unit and common area measures for *any multifamily owner interested in whole-building treatment*, even if the property lacks common area or central system measures.

We agree with EEC and TELACU et al. that the decision should clarify when a whole-building approach will be taken as opposed to the standard ESA multifamily approach.¹ However, we strongly disagree that audits should be limited to properties with common area measures only. This would further bifurcate program offerings and generate additional confusion in the market. It would also prevent audits from being used to identify hot water and HVAC measures in-unit.

Instead, as recommended in our testimony, any multifamily owner interested in whole-building treatment should have the opportunity to select the new whole-building pathway, whereby an audit is used to determine site-specific in-unit and/or common area measures. While potentially expensive, in-unit water heating and furnace measures have large energy savings potential, comparable to central system measures, and should be assessed by an ASHRAE audit to determine whether the savings justify the investment at a particular site. While we separately agree with EEC that the APD should clarify that

¹ EEC Opening Comments on PD and APD, p. A; TELACU et al. Opening Comments on PD and APD, p. iii.

in-unit furnace or water heating measures are approved,² comparable to their central system counterparts, these more expensive measures should only be installed or funded as identified by a site-specific audit. However, if an owner is uninterested in a whole-building retrofit or if less than 50% of an owner's property qualifies for ESA, then the existing in-unit multifamily offerings can be provided.

B. It is appropriate and prudent to use unspent funds to provide additional benefits for the underserved multifamily sector.

ORA recommends using unspent funds to offset future years' collections within the same budget category as proposed by the PD.³ We disagree. Unspent funds should be used to further the policy directives and goals adopted by the Commission that utilities were unable to achieve in previous years, particularly for the multifamily sector. Since 2009, utilities have repeatedly fallen short in achieving their multifamily homes treated goals and have spent a disproportionately small amount of their budgets on this sector, in some cases as low as 10% of total funding.⁴ Redirecting unspent funds in this manner is a prudent use of funding, supported by the record,⁵ and will provide more direct benefits to underserved low-income ESA customers than diffusely distributing these funds to all customers.

C. We urge the CPUC to adopt an ESA-adder for those properties interested in participating in the EUC-MF program now, and defer to the multifamily working group consideration of alternative methods for integrating funding with the general efficiency proceeding such that owners would only experience a single program offering.

We agree with TURN that pooling funding between the general efficiency and low income programs – without requiring additional application paperwork for the customer - would be beneficial.⁶ For this very reason, we have repeatedly recommended the adoption of a per-unit ESA-adder.⁷ Since each EUC-MF program has slightly different rules and program offerings, a simple added incentive for ESA-eligible units provides the simplest and most efficient method for combining funds. This per-unit adder would also be particularly relevant for buildings where less than 80% of low income units are income-qualified since it would offer a partial pathway for increased scopes of work that appropriately takes into account the number of low-income units in a given building. We are open to alternative approaches that achieve the same objective if more workable for utilities and the Commission.

² EEC Opening Comments on PD and APD, p. 5; TELACU Comments on PD and APD, p. 4.

³ ORA Comments on PD, p. 6.

⁴ NRDC/NCLC/CHPC Opening Br. p. 47.

⁵ *Ibid.*

⁶ TURN Comments on APD, p. 11.

⁷ Amy Dryden Testimony, Exh. 44, p. 5, on behalf of NRDC/NCLC/CHPC.

D. Pre-paid postage to landlords is not an effective approach; the opt-out approach proposed by the APD obviates the need for this offering.

We agree with SDG&E that prepaid postage is an inefficient use of funds.⁸ As envisioned elsewhere in the APD, utilities should work directly with property owners to enroll a property. The APD would adopt NRDC et al.'s "opt-out" proposal, whereby utilities would enroll an entire property after receiving an owner's consent, with an option for tenants to opt-out of in-unit measures.⁹ This "opt-out" approach avoids the need for door-to-door enrollment and pre-paid postage that would accompany it.

E. We recommend all utilities submit an advice letter with their implementation plans to explore the feasibility of expanding OBF to multifamily, as proposed by PG&E.

We agree with PG&E on its proposal to "explore the feasibility and requirements" of expanding the scope of OBF for multifamily owners and to submit an advice letter with its implementation plan.¹⁰ We recommend the remaining three utilities be required to take this approach.

F. The record shows a layered approach to multifamily offerings is ineffective and should not be continued.

PG&E and SCE recommend that a layered approach to multifamily offerings prevail.¹¹ Yet the undisputed record demonstrates the impracticality and difficulty of this approach.¹² Our testimony outlined the impracticality of coordinating among programs with different timelines, unique eligibility and enrollment, multiple administrators, and incentives that cut against participation in more than one program. We also demonstrated that few if any buildings have actually been able to participate in more than one program offering, and that the current efficiency budgets would not accommodate this approach.¹³ If the Commission wants to combine programs, all integration and funding attribution should occur on the utility-side only so the customer experiences a single program.

G. The Commission should authorize an ESAP mid-cycle coordinating committee and authorize a ruling or decision in 2018 to enable additional programmatic changes.

As eloquently outlined by Greenlining, a mechanism is needed to better organize the multiple working groups and activities to increase participation and transparency and to continually improve ESAP offerings. NRDC and Greenlining recommended a mid-cycle coordinating committee (hereafter

⁸ SDG&E Opening Comments on PD and APD, p. 7.

⁹ NRDC/NCLC/CHPC Opening Br. p. 48; Robbins Testimony (on behalf of NRDC et al.), Exh. 41.

¹⁰ PG&E Opening Comments on PD and APD, p. 7.

¹¹ PG&E Opening Comments on PD and APD, p. 9; SCE Opening Comments on APD, p. 8.

¹² NRDC/NCLC/CHPC Opening Br. p. 46.

¹³ *Ibid.*

ESAP Committee) that would help organize, prioritize, and provide timelines for group meetings and deliverables, in close coordination with Energy Division.¹⁴ We urge the Commission to authorize this ESAP Committee, including a small budget for a funded facilitator. This ESAP Committee can “piggyback” off the infrastructure already developed for the CAEECC in the general efficiency proceeding, though the content and structure may vary. The value of ongoing coordination and additional stakeholder collaboration will far exceed the minimal additional costs required for a facilitator. As recommended by TURN and NRDC in opening comments, we also urge the Commission to ensure a mid-cycle ruling or decision occurs in 2018 to allow for programmatic changes based on mid-cycle activities.¹⁵

H. CSD’s recommendations on data sharing, for a single multifamily implementation structure, and for a Program Coordination Working Group (PCWG) should be approved, but the PCWG should fall within our proposed ESAP Committee structure.

We agree with CSD that the final decision should be explicit in mandating that the IOUs engage in a joint working group with CSD and stakeholders, to *uniformly* coordinate and harmonize CARE/ESA programs with LIHEAP, LIWP, and other relevant programs administered by CSD,¹⁶ and we support regular reporting requirements for this group as recommended. We additionally recommend this group be contained under Greenlining and NRDC’s proposed ESAP Committee structure, which would help facilitate, prioritize, and provide transparency for the numerous working groups and studies proposed in these draft decisions. We also support CSD’s interim and long-term data sharing recommendations, including its request for a feasibility study for a statewide ESA database. For the CSD LIWP balancing account, we fully agree with CSD’s call for “a singular, integrated structure for planning, program development and program implementation strategies,”¹⁷ instead of four separate program planning and implementation schemes between CSD and each utility.

¹⁴ Greenlining Opening Comments on PD and APD p. 9; NRDC Comments on PD and APD, p. 11.

¹⁵ TURN Comments on APD, p. 2; NRDC Comments on PD and APD, p. 10.

¹⁶ CSD Comments on PD and APD, p. 2.

¹⁷ CSD Comments on PD and APD, p. 7.

I. We agree with the majority of parties that an interim energy savings goal should be adopted; however, the Commission should increase the goals to ensure they are meaningful.

The majority of parties to this proceeding agree an interim energy savings goal should be adopted.¹⁸ ORA and TURN also support NRDC in recommending that the interim goals be revised upward.¹⁹ We clarify our request that the interim goals be set at levels either 10% or 15% greater than 2014 reported savings unless the 2016-2017 proposed goals exceed those amounts, which will only be the case for SCG.²⁰

J. We agree with MCE that heat pumps are an appropriate pilot measure and urge the Commission not to reject NRDC et al.'s heat pump proposals outright. Instead, the Commission should direct the mid-cycle working group to evaluate NRDC's proposals.

The APD rejects NRDC et al.'s proposed heat pump pilots saying they are “unripe for consideration” and “a current study is underway to examine these questions.”²¹ For the reasons outlined by MCE, the referenced study is not directly relevant and these pilots would not be duplicative since they would provide actual savings and cost data based on field performance.²² NRDC et al.'s pilots would also consider non-energy benefits such as avoided natural gas combustion emissions and safety testing costs, in addition to energy savings benefits, unlike the referenced study. We also agree with MCE that any heat pump technology that passes the 3-prong test should be ripe for installation.²³ We therefore urge the Commission to direct the mid-cycle working group (to be contained within our proposed ESAP Committee structure) to assess and refine our heat pump pilots, including identifying an appropriate PA, budget, and timeline. If amenable, a utility can then submit a modified heat pump proposal via a Tier 2 Advice Letter or the mid-cycle working group can submit a recommendation to the Commission for consideration in a mid-cycle ruling or decision.

III. CONCLUSION

NRDC/NCLC/CHPC recommend the Commission adopt the preceding recommendations as well as those presented in our opening comments.

¹⁸ PG&E Comments on PD and APD, p. 6; TURN Comments on APD, p. 1.; TELACU Comments on APD and PD, p. iii.

¹⁹ ORA Comments on APD, p. 5; TURN Comments on APD, p. 1.

²⁰ NRDC Comments on PD and APD, p. 5; Opening Brief of NRDC, NCLC and CHPC, p. 10 (July 13, 2015).

²¹ APD, pp. 385-386.

²² MCE Combined Comments on PD and APD, pp. 3-4.

²³ *Ibid.*

Dated: September 12, 2016

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Maria Stamas".

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