BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
08-03-12
04:59 PM

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget. (U 39 M)	Application No. 12-07-001 (Filed July 2, 2012)
Application of San Diego Gas & Electric Company (U 209 M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014	Application No. 12-07-002 (Filed July 2, 2012)
Application of Southern California Gas Company (U 904 G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014	Application No. 12-07-003 (Filed July 2, 2012)
Application of Southern California Edison Company (U 338 E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014	Application No. 12-07-004 (Filed July 2, 2012)

Response of the California Building Performance Contractors to Applications of Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company Regarding 2013-2014 Energy Efficiency Programs and Budgets

August 3, 2012

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Introduction and Background:

The California Building Performance Contractors Association (CBPCA), which represents home performance contractors throughout California, welcomes the opportunity to comment on and make suggestions to the presentations by California's investor-owned utilities regarding 2013-2014 energy efficiency programs and budgets. CBPCA advocates on behalf of contractors who participate in the various Energy Upgrade California programs and is California's acknowledged leading contractor trainer of Building Performance Institute (BPI) standards. CBPCA is the current primary administrator of SMUD's whole house performance program, the former primary administrator of PG&E's whole house performance program (and, currently, the post-retrofit Quality Assurance contractor for PG&E's efforts in the SMUD service area), and the sole training subcontractor for the SCE/SoCalGas program.

CBPCA's comments are not directed specifically at any one of the company's responses. Instead, CBPCA requests that these comments be viewed as principles or goals against which each of the company's responses should be measured. CBPCA's comments are focused on how each company's Whole House Performance program can be implemented in ways that will result in more success statewide. CBPCA is attempting to provide the perspective of individual Participating Contractors – the individuals on the front lines of the EUC program.

Contractors' Desired Outcome: *Successfully upgrade all residential and light commercial buildings for Energy Efficiency to help the State reach its climate goals.* CBPCA is working to:

1. Increase the quality, economy, number and speed of energy efficiency upgrades in buildings;

2. Achieve an average of 40% energy savings in the State's entire housing stock by 2020 and an 80% savings by 2050, in accord with State goals;
3. Stimulate the State's economy by creating thousands of jobs at the local level; and,
4. Increase public awareness of energy upgrade benefits and to build a long-term industry.

Contractors' View of Present Situation: *Make major changes to advance whole house performance programs.* Due to many factors, including the public's lack of awareness of the myriad benefits of energy efficiency upgrades, the depressed economic situation, perceived high costs of improvements (homeowners don't understand the far-reaching benefits), inadequate financing options, and excessive contractor overhead and administrative costs due to prohibitive program requirements:

1. Market penetration, energy saving levels, and rates of energy upgrades executed are far below the early market penetration trajectory needed to meet the state-specified carbon reduction goal by 2020;
2. Radical improvements, rather than incremental ones, are necessary and a sense of urgency on most topics will be necessary given the disparity between achievements and trends to date versus the strategic state goal, resulting in the following desired outcomes listed below:

1. Policy Environment - Desired Outcomes:

1.1 There is an **urgent need for higher-level regulatory and utility management support for program flexibility and speed**.

Too often it seems that the important climate goals mandated by AB-32 and now AB 758 are relegated to lower level program managers who do not have adequate authority to take the most efficient path to achieve program success.

1.11 Contractor Participation at higher levels of discussion and authority would more quickly illuminate implementation barriers and as well as provide practical suggestions for flexibility and speed improvements to the process.

1.21 With regard to home energy rating systems:

- Decouple ratings from the energy upgrade sales and retrofit process;
- Create a rating system that is supported by both building scientists and contractors;
- Review and pilot multiple operational and asset based ratings systems and be open to the possibility of different ratings for different purposes;
- Ensure that ratings provide good value to the end customer; and,
- Open the market to enable multiple software vendors, and leverage national data standards.

2. Program Design and Implementation - Desired Outcomes:

If program inefficiencies are resolved, existing contractors will complete significantly more energy upgrade projects, which in turn will attract more contractors to enter the program and jobs will be done faster and more economically. Also, it is imperative to embrace the Participating Contractors as principal allies, not potential liabilities to be guarded against.

"Zero Program Friction" (with an increase in quality, safety, performance metrics, and proper data collection) for building owners and Participating Contractors in selling and executing Energy Upgrades. Different programs throughout the state have differing levels of "friction" or *complications in the process of approvals and information transfer that slow down the sale and/or execution of energy upgrades*. We must work toward the elimination of any mandated step or process that adds time or cost to the Customer/ Contractor interaction without providing added customer value, in this already difficult process of marketing, selling

and executing energy upgrades. A universal sense of urgency, program innovation, and flexibility must be incentivized at all levels – while improving quality, safety, performance metrics, and data collection needs. Contractors currently feel left out of the program design and improvement process. Many contractors are not entering this field because of program confusion and complications – others are dropping out and/or doing work outside the program.

- **Contractors must be an integral part of program design,** not brought in after the fact to petition and beg for incremental changes to inefficient program design;
- **Pre-construction job approvals should be immediate,** with later and highly streamlined QA/QC protocols;
- **Separate home energy ratings** from utility retrofit program operations; and,
- **Simplify rebate strategy** and rebate processing to zero friction.

3. Workforce Development - Desired Outcomes:

The success of the entire building retrofit program depends on qualified Participating Contractors executing high-quality jobs profitably and rapidly. Currently, there are many technically trained contractors who do not have enough advanced training in all topics, including business skills, marketing, quality, and installation expertise.

- **Fund more widespread and more broadly defined** technical training and mentoring'
- **Fund marketing, sales, and business skills** training;
- **Offer incentives and/or financing** for necessary contractor investments in equipment;

- **Participate actively in national efforts** to promote uniform training standards and certifications; and,

4. Public Education and Marketing - Desired Outcomes:

The vast majority of the public has not heard of EUC or know that buildings are the largest contributors to global warming in the nation, and that there is a solution (whole-house retrofits) that also provides myriad other economic and life-enhancing benefits.

- Create a sense of urgency, visibility, and validity in the power and benefits of energy efficiency;
- Creating Urgency in the message of the size and scope of our energy creation and supply problem and the incredible power of building efficiency to solve it is critical.
- Marketing programs need to leverage ongoing and frequent validation from the most visible politicians and state leaders – Utilities, CPUC, CEC, Governor, Senators, Mayors, Supervisors, Movie Stars, etc.
- Whole-house upgrades should be marketed as the ultimate step among the many simpler and more economical stepwise options for building owners by all utility programs and Participating Contractors by combining whole-building retrofit marketing with all other efficiency opportunities, including behavior change, in all state, county and utility energy efficiency education efforts.
- Use flexible and substantial co-funding of Participating Contractor marketing costs.

5. Consumer Financing - Desired Outcomes:

- **Engage private investment capital** with strategies similar to present solar leasing;
- **Adopt and promote on-bill financing or repayment options** with either utility or third-party lenders'
- **Develop loan-loss reserves** to stimulate interest rate reduction by lenders;
- **Stimulate** locally-funded PACE concept options; and,
- **Encourage** EEMs.

6. Quality Assurance and Control - Desired Outcomes:

We believe that QA/QC is essential for public good, quality assurance and Participating Contractor monitoring/education. It also must be efficient and practical for all parties.

- Ensure that Participating Contractors and raters are fully informed of proper practices and enforce those rules on a regular basis;
- Ensure Participating Contractor capability through continued training, certification, mentoring, and quality verification (but keep it out of Homeowner/Contractor sales and construction process);
- Emphasize safety training, verification, and sanctions, especially in combustion safety;
- Use field job verification as mentoring (keeping it out of the sales/construction process), and include clear sanctions against continued violations;
- Provide expert advice to contractors via online references plus field support on request;

- Create robust feedback mechanisms for homeowner satisfaction or complaints; and,
- Conduct ongoing assessments of "savings verses predicted outcomes," and report publically on the results.

Specifically with regard to Flex Path:

The Regional Energy Network (REN) proposals include funding requests for a "Flex Path" program. CBPCA has always supported a more workable basic path to be included in Energy Upgrade California along with the advanced path, but we have several concerns about Flex Path implementation and items that should be clarified about impediments to existing programs:

The existing Basic Path approach has not succeeded because it was unworkable. Many homes were disqualified from being eligible for basic path projects for reasons unrelated (for example, if they already had a low-flow shower-head) because it doesn't allow for flexibility.

There are various reasons why the number of Advanced Path projects have not met the goals: major problems and delays with implementation at the outset (and some continuing), unnecessary processes that make the advanced path more difficult for the customer than it needs to be (for example in the QA/QC process), a modeling software and asset rating-based tool that is flawed and cumbersome when used for retrofit purposes, and other issues. Some of these items have been improved over time, and some will be helped by the fast-track and emergency HVAC replacement processes that the CPUC directed IOUs to develop, as well as process of identifying other software/modeling tools permissible under the Advanced Path. These issues are all program-related, and not inherit to an Advanced Path, performance-based approach, and we hope that program implementors will act quickly to remove the barriers that have impeded greater success of the Advanced Path.

Recent Flex Path pilots have produced good project numbers, but in order to accurately gauge impact of these programs, free-rider effects must be measured. It is important to determine the specific impact that flex path had on those jobs getting completed and energy savings be achieved.

Suggestions:

1. Any Flex Path program needs to be clearly distinguished from the Advanced Path, and the best way to ensure that may be to CAP all Flex Path incentive programs at levels noticeably lower than the Advanced Path incentives -- for example, a hard cap of $1,500, and a maximum of 50% of job costs. If any Flex Path program incentives are NOT valued less than Advanced Path incentives, it will be more difficult for contractors that use a performance approach to differentiate themselves in the marketplace, and thus will reduce the incentive for contractors to use a performance-based approach -- the type of approach that can lead to market transformation.
2. Any Flex Path programs should include mechanisms to ensure work is being installed correctly, and that contractors are properly trained.
3. We are continuing to look at the Flex Path programs proposed by the RENs and we expect to make further comments at later dates.

Respectfully submitted,

By:/s/ Conrad Asper

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