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

Application of Pacific Gas and Electric Company
for Approval of 2024-2031 Energy Efficiency
Business Plan and 2024-2027 Portfolio Plan
(U 39 M).

Application No. 22-02-005
(Filed 02/15/2022)

And Related Matters.

Application No. 22-03-003
Application No. 22-03-004
Application No. 22-03-005
Application No. 22-03-007
Application No. 22-03-008
Application No. 22-03-011
Application No. 22-03-012

**RESPONSE OF SMALL BUSINESS UTILITY ADVOCATES TO THE PROGRAM
ADMINISTRATORS' APPLICATIONS FOR APPROVAL OF 2024-2031 ENERGY
EFFICIENCY STRATEGIC BUSINESS PLANS AND 2024-2027 PORTFOLIO PLANS**

Luke May
Regulatory Attorney

Small Business Utility Advocates
548 Market St., Suite 11200
San Francisco, CA 94104
Telephone: (503) 702-3655
Email: Luke@utilityadvocates.org



April 15, 2022

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Small Business Utility Advocates (SBUA) submits the following Response to the above-referenced Applications of the Program Administrators for Approval of their 2024-2031 Energy Efficiency Strategic Business Plan and 2024-2027 Portfolio Plan.

The consolidated applications detail how each Program Administrator (PA) plans to administer energy efficiency (EE) programs and meet efficiency savings goals over the period 2024-2031. Along with impacting the electricity and natural gas rates charged by utilities, the Business Plans (BP) will have major impacts on the EE services offered to customers.

The Business Plans are of significant importance to the small business community. In addition to the self-evident reason that small commercial customers are impacted financially as

ratepayers, the Business Plans, if effectively implemented, have the potential to significantly reduce utility costs for this consumer group.

Since 2018, SBUA has been an active member of the California Energy Efficiency Coordinating Committee (CAEECC) and a member of the Energy Efficiency Procurement Review Groups (PRGs) to support Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Southern California Gas Company (SCG) and to support Statewide Solicitations. SBUA's involvement is intended to positively supplement and build on CAEECC's prior input and the work of the PRGs. SBUA supports the adoption of Energy Efficiency plans, and submits this Response so as to: gain party status; advocate for small business interests in the execution of energy efficiency programs and; preserve SBUA's right to address and further analyze issues relevant to this proceeding.

II. SBUA and its Interest in this Proceeding

a. The Mission of SBUA

SBUA is a 501(c)(3) non-profit organization whose mission is "to represent, protect, and promote the interests of small business utility customers." Promoting energy efficiency in a manner that facilitates the success of small commercial customers with cost effective utilities is also central to SBUA's mission. *See* SBUA website at www.utilityadvocates.org. SBUA advances the energy-related concerns of small businesses in California and other states nationwide.

The interests of small businesses diverge from residential ratepayers and large businesses in significant ways. Because they usually cannot afford their own representation, SBUA believes small businesses are not adequately represented at California Public Utility Commission proceedings. There is a vital need for the small business community to have a greater voice,

including in applications such as the ones at issue here, which have direct and significant impacts on small business utility customers.

Small businesses are integral to the health of California's economy and many lie within in Program Administrators' territories. There are approximately 4.1 million small businesses in the state that comprise of 99.8% of all employer firms, provide 48.5% of private sector employment, account for over 214,000 net new jobs, and comprise approximately 42.1% of California's \$165.6 billion in exports.¹ Small businesses in California are critical to economic growth and are more likely to create new jobs than large businesses.

Small businesses are also more likely to bring innovation and draw new industries to California. By some estimates, small businesses on average earn only a 10% net profit margin, with the remaining 90% being absorbed by expenses and cost structures. Utilities are one of the most significant expenses for small businesses and thus an issue of major concern. The adoption of EE measures and the use of revenues by major utilities and the related utility costs have significant impacts on small businesses and therefore impact California's gross state output, jobs, labor income, and indirect business taxes.

b. SBUA Interests in this Proceeding

Members of SBUA are ratepayers in the Program Administrators' territories, and, as reflected in their EE business plans, small commercial customers are considered an important ratepayer class. Small businesses help fund utility programs and should be encouraged to participate in EE programs as an important stakeholder group. In addition, the Commission has

¹ California Small Business Profile, U.S. Small Business Administration Office of Advocacy. *See* www.cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04142955/2020-Small-Business-Economic-Profile-CA.pdf.

specifically recognized the economic importance of small businesses and expressed its desire to have the small business community involved in utility proceedings:

“[I]t is important for the Commission to obtain the input of the small business communities on how Commission actions affect their operations because of the importance of the small business community to the California economy.”²

Pertinent here, the small business sector includes a wide range of customers in varying industries and with varying levels of EE sophistication. SBUA members, for example, include small commercial customers in the service, hospitality, restaurant, health care, energy, media, and food industries. Often these businesses are limited in time and not aware of special utility programs to promote EE measures. Hence, small businesses are an untapped group that must be included in EE initiatives, and small businesses will likewise be critically important for the state to achieve its zero-net energy (ZNE) and greenhouse gas (GHG) reduction goals. SBUA further anticipates that small businesses will benefit from and contribute to the utilities’ EE procurement solicitation process.

More generally, SBUA supports Senate Bill 350 and the Commission’s efforts to implement statewide EE goals. Reducing the energy consumed by consumers will result in less carbon and criteria pollutants being emitted consistent with state goals and to the benefit of all ratepayers. As part of this process, SBUA believes that considering input from the small business community is important to achieving SB 350’s energy efficiency goals.

SBUA seeks to participate in this proceeding so as to advance the interests of small businesses, submit testimony, and participate in other matters raised by parties that may impact small commercial customers.

² Decision 12-05-024 (Re Creating a Small Business Advisory Committee), 2012 WL 2049419 (Cal. P.U.C.), p. 5.

III. SBUA's Preliminary Areas of Concern

SBUA is continuing to review the instant applications and anticipates further exploring the extent to which the proposals are “just and reasonable,” from the perspective of small businesses.³ Thus far, SBUA recommends that the following global issues be determined by the Commission in the course of this proceeding; however, this list is not exhaustive of all issues that could arise during this proceeding that relate to SBUA's interests, and SBUA therefore reserves the right to raise additional issues and sub-issues in the future:

1. Market Transformation. Whether the Business Plans' program accessibility for small commercial customers is robust and, if necessary, how it could be improved. In order to maximize EE, eligible energy savings programs should aggressively target small businesses.⁴ The BPs should analyze market opportunities in the small business sector, identify barriers, and present robust strategies to overcome those barriers going forward. Small businesses will likely benefit, for example, from enhanced EE outreach and education, strong technical assistance and financial support, and a reduced complexity of programs from a customer perspective. Well-designed initiatives to advance Lighting, HVAC, and Plug Load & Appliances, among other things, can greatly assist small businesses, and the BPs should encourage EE staff and departments to tailor programs to penetrate the small business market. Accordingly, SBUA would like to participate in this proceeding to ensure the Business Plans are vetted to include strategies, tactics, and energy savings targets that are tailored to being effective for the small business sector.

³ California Public Utilities Code section 451 (“[a]ll charges demanded or received by any public utility... shall be just and reasonable”).

⁴ See, e.g., D.12-05-015 at 318 (directing utilities to offer energy improvement programs to include small industrial customers and to modify programs as necessary on receipt of evaluation findings).

2. Decarbonization. Ensure that small businesses receive technical and financial assistance for decarbonizing their energy usage, including heat pump technologies (space and hot water) and food service equipment. Planned efficiency efforts targeted towards small business should also integrate with efforts for building decarbonization being examined under Docket No. 19-01-011.

3. Market Support and Equity Programs. Whether Market Support and Equity programs should be monitored, and whether there are quantitative or qualitative metrics that should be applied when determining the success of the Market Support and Equity programs. In particular, SBUA is interested in ensuring that Market Support and Equity programs explicitly assess their impact on the small business community.

4. General Order 156. Whether California General Order 156 applies to these energy efficiency applications and – if so – how will the PAs target diverse businesses as potential contractors? Within this issue, SBUA will be requesting that the Commission require the PAs to submit specific data relating to the percent of contracts awarded to women, minority, disabled veteran, and LGBTQ businesses (“WMDVLGBTQBE”).

5. FLEXMarket Access Program. The Commission should solicit data from the PAs to determine which PAs are partnering with Recurve to offer the FLEXMarket access program. Additionally, the Commission should require PAs to provide information relating to aggregators and implementers – specifically pertaining to the proportion of savings that are retained, and the proportion that is allocated to the customers.

6. Solicitation Strategies and Procurement Plans. Building on our participation in the PRGs, SBUA is concerned with ensuring that the instant applications include meaningful outreach to small businesses that might participate in the EE solicitation process. The BPs should

target small business sectors, and the measuring objectives and metrics should include ensuring a high level of participation by members of this customer class. Accordingly, SBUA would like to participate in this proceeding to ensure that small businesses are well represented in designing solicitation programs and that the contracting opportunities are not limited to a few large players due to capacity constraints of smaller companies. SBUA also requests clarity on whether the Commission prefers a single-stage, or modified two-stage solicitation.

7. Normalized Energy Consumption. What percent of Normalized Metered Energy Consumption (NMEC) Pay-for-Performance compensation should be paid “up front”?

8. Compensation for Third-Party Providers. Whether the Commission would approve of the PAs offering compensation at a higher rate of return to 3rd parties who offer more “innovative” energy efficiency programs? If so, how would “innovative” be defined?

9. Underserved Customers. What data must the PAs provide to the Commission for it to determine the definition of “underserved customers”?

SBUA plans to further examine and present questions and issues pertinent to specific PA applications. However, the above-listed issues capture the initial thematic concerns that SBUA expects to address in this proceeding.

Along with addressing the above-listed issues, SBUA also intends to analyze other parties’ testimony & positions, thereby addressing any other issues that substantially impact small commercial customers. To the extent that SBUA’s interests overlap with other parties, it will seek to actively collaborate with those other parties. SBUA’s participation in this proceeding will not prejudice any party or cause any delay to the proceeding.

IV. SERVICE

Service of notices, orders, and other communications and correspondence in this proceeding should be directed to:

Luke May
Small Business Utility Advocates
548 Market St., Suite 11200
San Francisco, CA 94104
(503) 702-3655
Luke@utilityadvocates.org

James M. Birkelund
Small Business Utility Advocates
548 Market St., Suite 11200
San Francisco, CA 94104
(415) 602-6223
james@utilityadvocates.org

V. CONCLUSION

SBUA supports enhanced and aggressive energy efficiency plans. However, the PA's Applications raise several pertinent issues, as highlighted above, that SBUA requests be evaluated in the course of this proceeding. SBUA looks forward to engaging with parties in this proceeding to ensure that any Energy Efficiency Applications approved by the Commission are just and reasonable for ratepayers

Dated: April 15, 2022

Respectfully Submitted,

/s/ Luke May
Small Business Utility Advocates
548 Market St., Suite 11200
San Francisco, CA 94104
T: (503) 702-3655
Email: Luke@utilityadvocates.org