

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



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Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan.

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Application 22-02-005

And Related Matters.

Application 22-03-003  
Application 22-03-004  
Application 22-03-005  
Application 22-03-007  
Application 22-03-008  
Application 22-03-011  
Application 22-03-012

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**REPLY OF ENERVEE TO PARTIES' RESPONSES AND  
PROTESTS TO PROGRAM ADMINISTRATORS' BUSINESS  
PLAN AND ENERGY EFFICIENCY PORTFOLIO FILINGS**

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**I. INTRODUCTION**

In accordance with the Chief Administrative Law Judge's March 17, 2022 ruling consolidating these proceedings and establishing an April 25, 2022 deadline for replies to protests and responses to the program administrator's business plan filings and the Redwood Coast Energy Authority's motion filed in Rulemaking 13-11-005, Enervée submits the following reply comments.

**II. REPLY COMMENTS**

- A. The CPUC should expand RuralREN's proposal that Program Administrators be allowed to fill gaps in statewide programs to include downstream measures.**

In its business plan, SCE states that there "may be instances ... where a lead [program administrator] or its contracted implementer, is not offering a particular measure or measure

class through the statewide program and an upstream or midstream delivery channel would be the most efficient means of delivering these programs.”<sup>1</sup> SCE’s proposed solution is that “the Commission allow IOUs the ability to offer local programs with midstream or upstream measures if the lead [program administrator], or its implementer, does not offer the measures in the corresponding statewide program.”<sup>2</sup> In its response, RuralREN comments that it agrees with SCE but that the solution should not be limited to IOUs.<sup>3</sup> That is, according to RuralREN, all program administrators, and not just IOUs, should be allowed to offer midstream and upstream measures if the lead administrator is not offering them through the statewide program.<sup>4</sup>

As both SCE and RuralREN suggest, if there are gaps in statewide programs, those gaps should be filled. The CPUC should not presume that each statewide program fulfills the needs of all customers throughout the state. If a statewide program is designed or implemented in a way that fails to deliver certain measures that can help customers lower their energy usage, then other options should fill those gaps.

Each of SCE and RuralREN says that gaps in statewide programs should be filled at the local level with “midstream or upstream measures” only. These proposals are unnecessarily limiting in two important ways and should be expanded upon. First, there is no reason to limit the proposal to midstream and upstream measures. In many instances—for example, plug loads and appliances—the best way to lower residential customer energy usage is through direct-to-consumer—*i.e.* downstream—measures. The distinction between mid-/upstream and downstream programs is also murky. The proposed new statewide plug load and appliance program, for example, which was solicited as a mid-/upstream program, relies heavily on rebates to

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<sup>1</sup> SCE Ex. 1 at 61.

<sup>2</sup> *Id.* at 60.

<sup>3</sup> RuralREN Response at 5 (Apr. 15, 2022).

<sup>4</sup> *Id.*

consumers. And some program designs classified as downstream, with an emphasis on engaging product market actors to eliminate barriers, could have a greater impact, if rolled out statewide.

Second, there is no reason that the proposals should be limited to local programs. If a statewide administrator is not offering a certain measure and that measure can be offered through another statewide, downstream program, the CPUC should allow and encourage such offerings to maximize energy savings and the beneficial impacts on climate change. One way to accomplish this would be through open solicitations for statewide programs. Program implementers should have the ability to propose statewide programs that are specifically designed to fill gaps in other statewide programs or in individual program administrator programs. For example, while plug loads and appliances represent roughly 70% of all residential electric load, the contract for the new statewide plug load and appliance program covers very few plug load end uses. This would allow for greater creativity and innovation and would avoid a piecemeal approach to filling gaps at the local program administrator level.

**B. Non-energy benefits should be included as a metric for all types of programs.**

In its response, the California Efficiency + Demand Management Council (“CEDMC”) recognizes the importance of including non-energy benefits in the assessment of programs. CEDMC recommends that the CPUC “immediately allow the use of NEBs as an indicator in all equity programs.”<sup>5</sup> We agree.

CEDMC also recommends that NEBs be considered for more than just Equity programs. It recommends that the CPUC “[c]onsider the use of NEBs as an indicator for all programs, to recognize these benefits to participants and greater society as an indicator of progress to meeting clean energy resource investment goals.”<sup>6</sup> The CPUC should not just *consider* the use of

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<sup>5</sup> CEDMC Response at 7 (Apr. 15, 2022).

<sup>6</sup> *Id.*

NEBs—it should affirmatively require NEBs to be included in the assessment of all programs. (CEDMC itself more assertively recommends this position, stating that the CPUC should “go one step further” by including “NEBs as a metric for all programs, not just those programs whose main focus is [to] improve equity in the access to and adoption of EE.”<sup>7</sup>)

Further, while including NEBs as a metric for evaluating Equity and other programs is important, it does not address the problem with including participant impacts in cost-effectiveness tests, given that various participant benefits are difficult to quantify in monetary terms. CEDMC recognizes this general concept, stating, “the fact that customer costs are counted, and key benefits ignored is inconsistent with the Commission’s own goal to promote investment in clean energy resources that benefit the Equity target group.”<sup>8</sup> Regardless of whether NEBs are adopted as a metric for Equity and other programs, it is important that participant impacts be removed from the TRC. Further, we are in a climate emergency that requires us to achieve maximum energy savings as soon as possible. *See* D.21-12-011 at 26 (Dec. 8, 2021) (suspending cost-effectiveness rules to address the “unforeseen emergency situation in response to the Governor’s Proclamation”). So the removal of participant impacts from the TRC should be applied immediately and remain in effect for the duration of the proposed portfolios to maximize energy savings.

**C. The CPUC should not adopt PG&E’s request to unnecessarily limit the scope of these proceedings.**

These proceedings will set the stage for the future of California’s energy efficiency programs for nearly a decade (with business plans filed for years through 2031). To that end, CPUC’s goal should be to approve energy efficiency programs that maximize customers’ ability

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<sup>7</sup> *Id.*

<sup>8</sup> CEDMC Response at 7 (Apr. 15, 2022).

to lower their energy usage. Thus, when addressing the various program administrators' applications and stakeholders' positions, the CPUC should err on the side of broadly addressing any issue that might inhibit successful energy efficiency programs.

PG&E, in its response, asks the CPUC to limit the scope of the proceeding.<sup>9</sup> In particular, PG&E asks the CPUC to not address "requests for data sharing that involve data beyond energy efficiency" or "the appropriate cost effectiveness test for energy efficiency resource acquisition programs."<sup>10</sup>

Regarding the former, PG&E is responding to requests from non-IOU program administrators who are seeking greater access to data for purposes of running their energy efficiency programs. This is an important issue, as lack of data could make it more difficult for non-IOU program administrators and implementers to effectively reach customers. And lack of data access goes beyond utilities sharing data with non-IOU program administrators. As the CPUC continues to ensure that all cost-effective energy efficiency is being captured, it will become increasingly important to consider how utilities share data with third-party energy efficiency companies. Lack of access to customer data, including contact information, can be a severely limiting factor in transforming the market for energy efficiency. In short, therefore, it would be reasonable for the CPUC to address this important topic in the context of approving the program administrators' 2024-2027 energy efficiency portfolios and 2024-2031 business plans.

As for cost-effectiveness, if the CPUC does intend to open a separate proceeding to more comprehensively address cost-effectiveness (which we support and would look forward to participating in, as explained in our initial comments), then perhaps some of those issues are best addressed in that forum. At the same time, however, cost-effectiveness cannot be wholly ignored

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<sup>9</sup> PG&E Response at 3-7 (Apr. 15, 2022).

<sup>10</sup> *Id.*

in these proceedings. Considerations about cost-effectiveness can impact what programs are included in a portfolio, what programs are approved, and what programs are determined to be successful. If such programs are being assessed under a flawed cost-effectiveness system, it could impact the success of California's energy efficiency programs for years to come. Thus, while we agree that cost-effectiveness is its own topic that requires the CPUC's attention, the CPUC should nonetheless deny PG&E's proposal to strictly prohibit any discussion of the appropriate cost-effectiveness test for Resource Acquisition programs. In particular, it is imperative to address the asymmetric treatment of participant impacts in resource program cost effectiveness for energy efficiency programs in the period out to 2031; Enervee suggested several options to do so in our initial response to the applications.

**D. Program administrators should continue to be allowed to make reasonable amendments to contracts with third party administrators without the need for additional approval through a supplemental advice letter.**

In its protest, Cal Advocates states that it expects the following issue to be within the scope of this proceeding: "Whether the current practice of allowing IOU third party contract amendments to occur after the approval of the program advice letter is reasonable or should be revised."<sup>11</sup> The CPUC should continue to allow program administrators the discretion to make reasonable amendments to third party contracts after the advice letter is approved.

Some amendments to contracts are necessary in the ordinary course of business. This is especially true for more innovative energy efficiency offerings where utilities and third party contractors are continually learning from experience and developing best practices. The CPUC should not be burdened with using its resources to oversee routine contract amendments. Further, requiring every contract amendment to go through the advice letter process would disrupt energy

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<sup>11</sup> Cal Advocates Protest at 7 (Apr. 15, 2022).

efficiency offerings already in the market for an unknown period of time, interfere with the ability of implementers to meet contractual obligations, and add regulatory risk that would be impossible for program administrators and program implementers to manage. This would harm consumers by depriving them of important energy efficiency offerings, to the detriment of achieving California's climate goals.

### **III. CONCLUSION**

We appreciate the opportunity to share our views on the important issues in these proceedings that affect California's clean energy future.

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Respectfully submitted,

/s/ Chris Healey

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