California Energy Efficiency Coordinating Committee (CAEEC)
Energy Efficiency Business Plan Development Process

Submitted by Susan Freedman, San Diego Association of Governments (SANDAG), May 25, 2016

This feedback relates more to Statewide suggestions for the Business Plans and Rolling Portfolio Cycle than to a specific piece of the SDG&E Public Sector Chapter.

1. Statewide Policy: Reducing GHG emissions

- Refer to the SANDAG comments in the template regarding CAPs for an additional suggestion of giving GHG reductions equal weighting to energy savings in the TRC.

- Suggest that the Commission should allow PPP funds to be used for the top 3 measures in the Preferred Loading Order. PPP could be applied to a "preferred loading order for the customer-side of the meter." Measures could be prioritized or mandated in order of efficiency to DER. Here again the treatment of GHG reductions along with energy savings plays a role.
  1. Energy Efficiency (including performance controls),
  2. Demand Response (including performance controls),
  3. Distributed Energy Resources (including performance controls).

- Suggest that the Commission should consider integration of energy efficiency and DER funding in terms of Codes and Standards also. In 2020, the first ZNE code becomes effective. Traditionally the PPP energy efficiency dollars have been used for code compliance, code training, and code development.
  - When ZNE is code, will the PUC only allow PPP to fund the energy efficiency code component?
  - What will be the source of funding for the rest of the energy code?
  - Would legislation need to be passed for the Commission to be able to direct PAs to use their PPP energy efficiency funds for energy efficiency, DR, and DER?
  - It seems that energy policy is coming up to a big merge rather than a fork in the road and the Commission has the opportunity to break down some silos between proceedings and subsequent silos across PA departments.

2. Both SDG&E and Statewide Policy Issue (Discussed via example from the SDG&E Public Sector chapter under SDG&E's Role on PDF p9.) (R**elated to both market transformation and value proposition descriptions in the BP**.)

The first bullet of this section states, "SGD&E seeks to drive market transformation by working with various stakeholders in the Public Sector to generate customer demand for energy efficiency. The resulting energy savings will be deeper, more comprehensive, and more persistent."

- Driving market transformation should be a goal, but it is unattainable under the current cost-effectiveness scheme. The TRC is not a suitable method to determine costs and benefits of market or behavioral transformation programs. One or even three year TRC assessments are shortsighted for behavior change programs, really only programs that can produce immediate, incremental change can be considered successful under the current TRC approach. Continuing on this path will not enable the state to meet its 2030 goals under SB350. PAs should be given greater flexibility for market-driving programs in order to meet 2030 savings goals.

- The Public Sector is an essential tool for driving market transformation as PAs, Implementers and users of energy efficiency programs. For a greater uptake in program participation by the public sector, the value proposition introduced to public agencies must:
    1) Speak the language of that customer and
    2) Address or connect to that customer class' highest priorities.

- CAPs are one priority for many governments and universities. The business-as-usual approach presented in the SDG&E Stage 2 Draft Public Sector Chapter, energy program offerings do not directly or easily translate to government needs and goals. Federal, state, and regional strategies all recognize the importance of the public sector in effecting long term change. Therefore, SDG&E and other PAs should look at the value proposition for public sector while they are designing programs, and structure the programs around that.

- Taken a step further, bidding out all energy efficiency programs, as suggested by the Energy Efficiency Council, would be a way for market participants to bring forward innovative programs that fit niche needs of all the market sectors including the public sector. Either way, the energy efficiency program offerings must mesh with the processes, priorities, considerations, and timelines typical for the public sector and local government in particular. They need to clearly communicate how the public sector can utilize the program(s). To ensure this, greater engagement at the front end of program development would allow for better overall program engagement and access in the long term.

3. Statewide Policy: The TRC does not capture the purpose or long term benefits of Non-Resource (including ME&O) and Public Sector programs.

- As previously stated and acknowledged in the CEESP, local government (and the wider public sector) is essential for successfully shifting longer-term behavioral, generational, and market changing efforts. All public sector entities have the mission to serve the public good and be good stewards of public dollars. That said, initial high costs or services may not outweigh the immediate benefits at face value, but the influence and catalytic changes from these efforts should be recognized and accounted for in some way.

- Public Sector is essential for showing leadership in their communities and being the first to embrace/undertake changes (like using DER and going to ZNE) BEFORE they ask or require their constituents (businesses, residents, students, etc…) to undertake something new and outside of each customer's realm of expertise.

- All PAs acknowledge the need for specialized communications, education and outreach to the Public Sector as it has different drivers, needs, and project timelines. Additionally, the Public Sector is to take a Leadership Role in moving California forward to 2030 energy efficiency and zero net energy goals. All the while, PPP funding still focuses on short-term energy efficiency cost benefits (TRC) and programs will continue to face program "stop-starts" with an annual budgeting process.

- The current uses of the TRC and PPP funds to determine what makes a successful and cost-effective program miss the mark when it comes to the market and behavioral transformation

programs, as well as Public Sector leadership programs, necessary to meet the State's aggressive 2030 energy targets.

Possible Solutions related to the Cost Effectiveness of Transformational Programs:

1. An adder of some sort could be added to the TRC for programs defined as market transformation and/or behavior change, including ME&O.
    a. Outreach is less so about lighting exchanges and more about deeper education on more comprehensive energy saving measures. This takes time to engage customers and for end users to then act upon.
    b. This is also where it is helpful for customers to see their governments leading by example.

2. Exempt ME&O and Public Sector programs from each Portfolio's TRC calculation (include a maximum percentage not to exceed).
    a. The EM&V study on the RENs stated that behavioral programs were regarded as highly successful and acknowledged the need for other means of measurement because of their societal benefits.
    b. Order a Study on the Role of Local Policy and Planning in Impacting Behavior Change

3. Expand and/or allow larger ME&O expenditures in the near-term in order to realize long-term gains.
    a. ZNE is still a new concept for most outside of the energy sector.
    b. If code requirements for ZNE are to launch in 2020, much education and training must be provided leading up to implementation of this code change.
    c. Community stewards (i.e., public sector agencies) need to be seen doing ZNE planning and projects leading up to 2020.
        i. Much more training is needed in this area to engage the public sector and build more leadership on ZNE
        ii. Communication about ZNE should also be enhanced.
    d. The Commission should be flexible in this area in order to enable ZNE projects that combine energy efficiency with DER
        i. Regardless of how the costs and savings are counted in the short-term.
        ii. Flexibility to implement pilots that cross IOU departments and PUC proceedings because we must move forward on State energy efficiency and ZNE targets.
    e. The Public Sector is a natural fit for ZNE pilots b/c of their public stewardship role.
        i. Commission could order pilots to be developed/ implemented in the near term in each service territory.
        ii. This could identify best practices for longer-term methods to achieve ZNE.