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

Order Instituting Rulemaking Concerning Energy  
Efficiency Rolling Portfolios, Policies, Programs,  
Evaluation, and Related Issues.

Rulemaking 13-11-005

**COMMENTS OF SMALL BUSINESS UTILITY ADVOCATES ON THE  
ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON DRAFT  
POTENTIAL AND GOALS STUDY**

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May 21, 2019

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**I. INTRODUCTION**

Pursuant to Administrative Law Judge Valerie U. Kao’s Ruling Inviting Comments on Draft Potential and Goals Study (“Ruling”), Small Business Utility Advocates (“SBUA”) submits the following comments on the 2019 Energy Efficiency Potential and Goals Study (“Study”). SBUA’s comments highlight the need to design energy efficiency (“EE”) programs and initiatives specifically for small business customers.

**II. DISCUSSION**

SBUA submits the following comments on the questions posed by the ALJ. Questions where SBUA does not have comments have been omitted.

*2.b. Do you agree with the assumptions used in the BROs section of the Navigant study?*

SBUA recommends the BROs section of the Study describe strategies specific to small business customers. Appendix C lists BROs interventions included in the PG Model, none of which are specific to small businesses.<sup>1</sup> For example, the strategic energy management (“SEM”) process is tailored to larger commercial buildings with more complex energy systems.<sup>2</sup> While

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<sup>1</sup> See Study, App. C.

<sup>2</sup> Study, App. C., p. C-10.

focusing on these customers for the SEM process may be appropriate, a comparable process for implementing strategies to optimize energy use and “changing business practices to enable companies to save money by reducing energy consumption and waste[,]” is needed for small commercial customers. The collective EE savings potential from small businesses is significant, meriting the design of comparable processes for this customer base.

2.c. Whole Building rebate programs represent a significant portion of potential savings. Whole Building rebate programs encompass elements from multiple technology types and construction measures. Do you agree with the assumptions used in the Whole Building section of the Navigant study? Explain why or why not, and (if applicable) provide specific references to alternative sources of information for specific assumptions used in the Navigant study.

SBUA supports whole building rebate programs as financing reduces upfront barriers to participation.<sup>3</sup> Although whole building retrofits may be preferred by some small business customers over measure specific approaches, this may not be true for all small commercial customers. One of the barriers to participation in EE programs is the disruption in business operations during EE retrofits.<sup>4</sup> For many small businesses, whole building retrofits may represent a complete barrier to participation because a whole building retrofit would likely require business closure, or at the very least significant disruption in business operation. Even if the whole building rebates covered the complete costs of the EE upgrades, many small business customers would not be able to afford closing their doors and therefore would be unlikely to benefit from these programs. Therefore, the Study should further examine how a whole building retrofit would or would not meet the EE needs of small businesses and suggest how the concern over disruption of business operations could best be addressed, whether that be through measure-specific rebate program designed specifically for small businesses or through other strategies.

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<sup>3</sup> Study, p. 15.

<sup>4</sup> Seth Nowak, Big Opportunities for Small Businesses: Successful Practices of Utility Small Commercial Energy Efficiency Programs, American Council for an Energy-Efficient Economy (Nov. 2016) (“Big Opportunities”), at 6-7.

5. What are the impacts of reduced energy savings goals, if adopted by the Commission? Should reduced energy savings goals result in smaller portfolio budgets, going forward? Explain why or why not, and (if applicable) how much smaller.

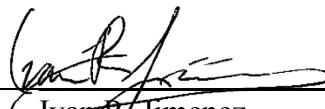
Reduced energy savings goals could provide flexibility to target hard-to-reach customers in EE programs. As the Commission has recognized, hard-to-reach customers are the hardest customers to reach and outreach programs struggle to meet the needs of these customers.<sup>5</sup> This makes serving these customers more costly, resulting in them not being a priority in EE programs. Rather than reducing budgets, the Commission should set specific EE savings goals for hard-to-reach customers and for other customers who have low participation rates in EE programs including small businesses. The Commission could then order program administrators to use unused funds in the portfolio budgets to target these customers.

### III. CONCLUSION

SBUA appreciates the opportunity to comment on the Study and to respond to the ALJ's questions.

Dated: May 21, 2019

Respectfully Submitted,

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<sup>5</sup> D.18-05-041, *Decision Addressing Energy Efficiency Business Plans* (May 31, 2018), pp. 41-46.