

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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

Rulemaking 13-11-005

OPENING COMMENTS OF THE ASSOCIATION OF BAY AREA GOVERNMENTS, ON
BEHALF OF THE SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK
(#941) AND THE COUNTY OF VENTURA, ON BEHALF OF THE TRI-COUNTY
REGIONAL ENERGY NETWORK (#220), TO PARTIES' COMMENTS ON
ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON DRAFT
POTENTIAL AND GOALS STUDY

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For the San Francisco Bay Area
Regional Energy Network (BayREN)

Dated: May 21, 2019

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For the Tri-County Regional
Energy Network (3C-REN)

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I. Introduction

Pursuant to the May 1, 2019 Administrative Law Judge's Ruling Inviting Comments on Draft Potentials and Goals Study (the Study), and in accordance with the Commission's Rules of Practice and Procedure, the Association of Bay Area Governments (ABAG), on behalf of the Bay Area Regional Energy Network (BayREN), and the County of Ventura, on behalf of the Tri-County Regional Energy Network (herein Joint RENs), respectfully submit these comments.

Since its inception, the BayREN has been addressing the three areas indicated by D.12-11-015 in the formation and implementation of programs: filling gaps that the investor-owned utilities (IOUs) are not serving; developing programs for hard-to-reach markets; and piloting new approaches to programs that may have the ability to scale and offer innovative avenues to energy savings. The Tri-County Regional Energy Network (3C-REN), which includes the Counties of Ventura, San Luis Obispo, and Santa Barbara and territory is covered SCE, SoCalGas and PG&E. 3C-REN takes a regional approach and delivers programs in this hard to reach market with underserved ratepayers. The Regional Energy Network (REN) model uniquely leverages a significant roster of local government stakeholders, including Community Choice Aggregators (CCAs) and Local Government Partnerships (LGPs), to play a key role in supporting AB 32, SB 350, AB 802, and AB 758

mandates; designing and implementing demonstration projects to deliver Integrated Distributed Energy Resources; and provides grid integration support at the regional level.

The effectiveness of a regional approach to addressing challenges facing our state, including greenhouse gas emissions (GHG) reductions has been recognized by the Legislature, in SB 375 (the sustainable communities' strategies) for example; a regional model is equally effective for energy efficiency implementation.

Below the Joint RENs respond to some of the questions posed in the Ruling. We also provide general comments addressing the Regional Energy Network (REN) and Community Choice Aggregation (CCA) portion of the 2019 Energy Efficiency Potential and Goals Study (the Study), which is scheduled for development later in 2019.

II. General Comments on REN/CCA Study

The Joint RENS have concerns regarding the research slated for later in 2019 for establishing savings potentials for RENs and Community Choice Aggregators (CCAs). The Joint RENS appreciate the Navigant team's willingness to work with the RENs and CCAs on establishing goals thus far and commends their transparency regarding the nuances and differences between the potentials for the RENs, CCAs and IOUs. However, the Joint RENS urges the Commission and the Navigant team to actively seek input from the RENs and CCAs on their approach and allow them to participate in developing the criteria for determining how they would disaggregate the REN/CCA specific potentials from the IOU totals. The Navigant team has proposed a "top-down disaggregation approach" for determining energy savings goals and potential for RENs and CCAs. They are proposing to base the top-down disaggregation on "population and historic programs savings data", or more specifically, they plan on looking at the population, historical energy consumption and historical energy savings from past programs to understand the overlap and potential. This is concerning because:

- It is unclear how a top-down approach could provide valuable feedback on savings potential to CCAs. Why wouldn't Navigant use a similar "bottoms-up" approach for RENs/CCAs as currently used for IOUs?
- BayREN's "service area" is very different than PG&E's entire service area and even if one were to look at population and historic programs savings data, a top-down allocation approach will not provide the level of detail needed to

accurately assign potential and savings to CCAs and RENs. 3C-REN is part of three different IOU service territories. How will this be addressed?

- RENs can only administer EE programs that address the three areas indicated by D.12-11-015 and have limited activity in a handful of sectors. At a minimum, the goals and potential for RENs (and CCAs) should be identified on the sector and programmatic level, and not generally for the whole population.
- It is unclear how Navigant is determining “population” for IOU vs. CCA vs REN allocations. In BayREN’s territory, ratepayers can participate in BayREN programs and PG&E’s programs; they can also participate in local CCA and local government partnership programs within their jurisdictions. In 3C-REN territory, ratepayers similarly may participate in different programs. All these factors need to be accounted for when determining population and developing goals for the RENs.
- It is unclear which “program” savings data Navigant is proposing to look at, and for what period.

The Joint REN asks that we be included in all future efforts and research regarding the REN/CCA potentials allocation, and that the Commission support this level of involvement. The Goals and Potentials Study should aim to provide as much value for the REN/CCAs as for the IOUs, and the Joint RENs appreciate the initiative to determine EE potential and goals for RENs.

III. Response to Questions

- 1. Commission staff proposed five scenarios that attempt to capture a reasonable range of energy efficiency potential for 2020-2030. Which scenario – either in the Navigant study or an alternative recommendation – is most appropriate to inform 2020 – 2030 goals? Justify your recommendation.*

The Joint RENs believe Scenario 3 or 4 are most appropriate to inform 2020 goals and presented the highest savings potential. This higher potential stemmed from more aggressive Marketing, Education and Outreach (ME&O) and a focus on behavior, retro commissioning and operational (BROs) programs and increased financing options. Scenario 4 used the lightest TRC threshold (.85) as well as a higher incentive payout maximum (in \$/kWh or

\$/therm, 0.75 of incremental cost) for measures. Scenario 3 maintains a TRC level of 1.00, while also incorporating more aggressive ME&O and BROs. Table 4-1-2019 illustrates that “higher TRC benefit-cost ratio thresholds reduce overall savings potential”, implying that maintaining a 1.0 TRC cutoff at the measure-level results in an overall cost-effective portfolio and that it is not necessary for the Commission to set the TRC cutoff to 1.25. Scenario 3 or 4 provides the best opportunity for IOU Program Administrators (PAs) to meet both the CPUC’s and State’s EE goals.

2. *Do you recommend alternative values for any of the inputs or modeling used in the Navigant study? If so, specify the particular input or modeling (with section or page references, if applicable) and your recommendation for alternative values. Justify your recommendation and provide references. In particular, we invite responses regarding the following specific assumptions used in the Navigant study:*

No comment.

3. *Should the Commission adopt goals that include energy savings potential from the low-income sector? Explain why or why not.*

No comment.

4. *In D.10-04-029, the Commission adopted a different process for crediting savings from comparative energy use (e.g., HERs) programs, prohibiting the utilities from submitting workpapers for ex ante numbers to project savings for these programs; instead, savings from these programs can only be credited after the Commission verifies them. Results from HERs program impact evaluations have been consistently high for the past several (approximately seven) years. Should the Commission continue to evaluate home energy report behavior programs that have had consistent evaluation results for several years?*

No comment.

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.*

The Joint RENs do not believe the reduced energy savings goals should equate to smaller portfolio budgets. The Study highlights several key areas where focusing resources would increase savings potentials, specifically Marketing, Education and Outreach (ME&O), BRO interventions and providing more financing options. Instead of contemplating reductions in funding, focus should be put on potential resource/funding shifts to maximize the potential

from these highlighted areas. The Study outlines some notable takeaways related to electric market potential: “The overall electric savings are largely comparable to the total savings observed from the previous PG study. While the total is comparable, there is a significant shift in savings from equipment rebate programs to BROs programs.”¹ This implies there is a shift in market potential, not a reduction, and therefore IOU PAs should work to align their current and approved budgets with this shift. The outcomes of the Study suggest shifts should occur, not reductions, and that IOU PAs could adjust their budgets and activities to capitalize on the sectors which show the most potential. Additionally, the Study did not allocate any potentials to the RENs or CCAs, and therefore no budget reductions should be considered without having the REN/CCA results presented and thoroughly discussed.

6. *Given the changes in potential for 2020, should there be any changes to the required components of annual budget advice letters (ABALs) due from the PAs in September 2019, and/or to the process or criteria for reviewing the September 2019 ABALs (Sections 7.2 and 7.3 of D.18-05-041)? Explain why or why not. Any recommendations in response to this question should focus on new ideas and not repeat recommendations previously made and that the Commission has already dismissed.*

The Joint RENs do not believe there should be any changes to the required components of the ABALs or the process or criteria for reviewing the September 2019 ABALs since the whole purpose of the ABALs is for PAs, both IOU and non-IOU, to update their long-term energy efficiency goals and budgets to align with current markets, and adjust near-term goals based on past achievements and future potentials. The current ABAL process incorporates stakeholder feedback through the California Energy Efficiency Committee (CAEEC) and PAs work with the Commission to make sure the goals are attained. Additionally the Study only discusses the potentials and goals for IOU PAs and has yet to discuss the potentials for the REN and CCA PAs. Updating the ABAL process for all PAs without understanding the potential for REN/CCAs would be incomplete and therefore premature. If the Commission were to update the ABAL process for just the IOU PAs, that

¹ Navigant, 2019 Energy Efficiency Potential and Goals Study, Public Draft Report, at page 5.

would be disruptive and confusing. The Joint RENs feels the current process already serves as a forum for updating and adjusting goals based on market potential.

IV. Conclusion

The Joint RENs appreciate the opportunity to provide these Comments and we look forward to working with the Commission and the Navigant Team on establishing potentials and goals for the RENs.

Respectfully submitted,



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