

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



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Policies, Programs, Evaluation, and Related
Issues.

Rulemaking 13-11-005
(Opened November 14, 2013)

**REPLY COMMENTS OF ORACLE UTILITIES ON ADMINISTRATIVE LAW
JUDGE'S RULING INVITING COMMENTS ON DRAFT POTENTIAL AND GOALS
STUDY**

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COMMENTS OF ORACLE UTILITIES ON ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON DRAFT POTENTIAL AND GOALS STUDY

I. Introduction

Oracle appreciates the wide range of comments submitted on the ALJ's Ruling regarding the Home Energy Reports program, which Opower (now Oracle) created and has implemented since 2010. While there are certainly a number of considerations that must be taken into account when assessing the Draft 2019 Study's assumptions related to the future of this program, parties' comments point to a clear need to level set on how the HER program's savings are measured and what the current size of each utility's program is compared with what is assumed and projected by the Draft Study.

II. The Commission should direct Navigant to update HER penetration rates based on more recent data sources

Myriad parties, including PG&E, SCE, SoCal Gas, and ORA, expressed concern about Navigant's projected increases in the penetration rates of the HER program in the Draft Study. Oracle agrees that there are limitations to the number of households that can cost-effectively be included in the HER program; however, specific concerns about the penetration rates projected in the Study are unwarranted in light of the size of the existing HER programs at each of the utilities. In fact, nearly every IOU is already meeting or exceeding the penetration rates projected for 2030 in Navigant's reference scenario. SDG&E explicitly notes this in its opening comments.¹ Oracle recommends that the Commission direct Navigant to either update the assumed penetration rates of HERs based on the most recent (Program Year 2017) evaluation, or request information regarding the current HER program sizes for each IOU. If the current program sizes were used as the starting point for 2020 projections, Oracle would agree with the IOUs and other parties that it may not be appropriate to assume significant growth in penetration rates of HERs going forward, and such growth rate assumptions should be reduced. To be clear,

¹ Pg. 6 of the *Comments of San Diego Gas and Electric Company (U 902 M) on Draft Potential and Goals Study*: "SDG&E currently has over 600,000 residential HERs/behavior program participants out of its approximately 1,000,000 customers."

Oracle believes that there are still opportunities to grow the HER program beyond its current size, and the penetration rates projected out to 2030 in both the reference and aggressive scenarios are not only appropriate but are likely to be achieved in the next 1-3 years. However, it would not be appropriate to update the 2020 baseline penetration rates and simultaneously assume these rates will increase significantly through 2030. Furthermore, Oracle is confident that program innovations will improve the overall cost-effectiveness of the HER program over time, and that program enhancements, if implemented, will drive higher *savings rates* in the future.

III. The 2019 HER program savings forecast demonstrate the reasonableness of the Draft Study's HER savings projections

While many parties expressed concern about whether the HER program can be expected to drive the high level of savings projected in the Draft Study, Oracle notes that the projected savings from the HER program demonstrates that Navigant's assumptions are actually conservative. For example, in 2019 the IOUs are collectively forecasted to achieve 102% of the therm savings projected in the 2030 reference scenario and 67% of the kWh savings projected in the Study for 2030. The electric savings forecasted for 2019 as a percent of the 2030 projected savings is low due to the very recent expansions of the HER program in Southern California. To elaborate, in Opower's 10+ years implementing the HER program across more than 100 utilities, we have consistently observed that savings rates for new HER cohorts start out significantly lower in the first 6-18 months and ramp up quickly in later years (see Figure 1 below). Therefore, by 2021, it is highly likely that the utilities will meet or exceed the savings from HERs that are projected to occur in 2030 according to the reference scenario in the Study, regardless of whether any utility expands its program size beyond the current number of households.

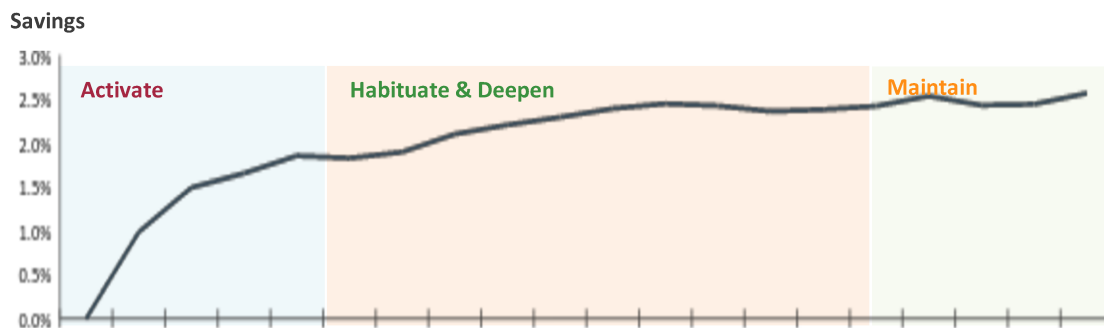


Figure 1: HER Savings Over Time as Customers Adopt New Behaviors

Nevertheless, it may be appropriate for Navigant to adjust its per-household savings assumptions downward for any incremental increase in the HER program’s size to account for the fact that incremental participants are likely to be relatively lower usage households compared with earlier HER waves. The current approach of utilizing a weighted average of the existing HER participant’s savings produces a per-household savings assumption that is likely higher than what will actually be achieved by lower usage households that are added into the program going forward.

IV. TOU rates and high rooftop solar penetration are not likely to significantly impact HER savings

Oracle appreciates that there are many changes occurring across the energy landscape of California that impact how customers use energy in their homes, including the TOU default and increasing levels of rooftop solar, which is likely to be paired with energy storage in the coming years. Despite these changes, there is no evidence at this time to support a reduction in the assumed savings potential from behavior programs. In fact, Oracle currently works in other markets with high levels of rooftop solar and TOU rate adoption, such as Arizona, where over 50% of residential customers are on TOU rates. The HER program currently in-market at APS has generated consistent energy efficiency and demand reductions for over five years.²

² Arizona Public Service. *APS 2017 Demand-Side Management Annual Progress Report*. Pg. 7, Table 4 shows the “Conservation Behavior” program generated over 54 GWh of energy savings and 9.7 MW peak demand reductions in 2017.

V. Savings from HERs should continue to be measured using randomized controlled trials

Oracle generally agrees with parties' comments regarding the claiming of savings from HER programs that have consistently been shown to generate verified savings. While Oracle appreciates the intent of NRDC's comments on this matter, we seek to clarify that savings from HERs should not be "deemed" in any manner that seeks to assign a static per-unit savings or percent savings value for the program. Rather, opt-out behavioral programs such as the HER program should continue to measure and report savings using randomized controlled trials, as has been Commission policy since the beginning of the program. This allows for the most robust and verifiable measurement of savings and will ensure that any program enhancements or other factors impacting customer response to the intervention will be observed and captured by the experimental design.

VI. Conclusion

Oracle thanks the Commission for its thoughtful questions regarding the Draft 2019 Potential and Goals Study, and in particular for acknowledging the substantial savings contributions from the HER program. We look forward to finding even more ways of driving cost-effective savings across a wide swath of California households as we transition the state to a clean energy future.

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Respectfully Submitted,



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