

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
(Filed November 21, 2013)

REPLY COMMENTS OF THE ASSOCIATION OF BAY AREA GOVERNMENTS, ON
BEHALF OF THE SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK
(#941) TO PARTIES' COMMENTS ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENT ON MARKET TRANSFORMATION WORKING GROUP
REPORT

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

Dated: May 20, 2019

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I. Introduction

Pursuant to the April 10, 2019 Administrative Law Judge's Ruling Seeking Comment on Market Transformation Working Group Report (the Ruling), 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), submits this Reply to parties' Opening Comments. Led by ABAG, the BayREN implements effective energy saving programs on a regional level and draws on the expertise, experience, and proven track record of San Francisco Bay Area local governments to develop and administer successful climate, resource, and sustainability programs.

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 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.

While BayREN is a member of California Energy Efficiency Coordinating Committee (CAEECC), due to resource constraints, was not a member of the Market Transformation Working Group (MTWG). BayREN appreciates all of the time and effort expended by the MTWG and is grateful for the number of consensus positions of the group.

Since the Ruling was issued, a draft of the *Bottom-Up Statewide Energy Efficiency Program Composition Review* (Evergreen EMV Report), prepared by Evergreen Economics for the California Investor-Owned Utilities (IOUs) was released for public comment. This study was ordered by the Commission in D.18-05-041.¹ As noted below, some of the findings of the study are relevant to the questions posed.

This Reply is limited to several of the questions presented.

II. Responses to Certain Questions

- 3. Comment specifically on your preferred resolution of the first non-consensus issue identified in Attachment A (see pages 24-31) with respect to the appropriate choice for Market Transformation Administrator. Parties may also propose other alternatives, if there are administrative models that were not discussed in the report, but should be considered.**

BayREN opines that the Market Transformation Administration should be done by a Single, Independent Statewide Administrator (MTA) (Option 2), and therefore supports the Opening Comments of Marin Clean Energy (MCE), Natural Resources Defense Council (NRDC) and the Public Advocates Office (PAO). BayREN's support for this option is with the caveat that built into the process are requirements that existing program administrators and implemented programs are accounted for, and not automatically replaced by the MTA. BayREN agrees with MCE that one of the main functions of the MTA should be to coordinate

¹ D.18-05-041, pages 174-75, Ordering Paragraph 24: "A bottom-up comprehensive review of the statewide program structure and composition should be completed and the results filed in the energy efficiency rulemaking (R13-11-005 or its successor) within one year of the issuance of this decision."

with all energy efficiency Program Administrators to ensure that MT activities are properly – and seamlessly – incorporated into EE portfolios.²

It is critical that whatever form of administrator is selected by the Commission, there are safeguards in place to ensure that there are no disruptions in the EE market relating to existing programs. The Commission has approved the Business Plans of the Program Administrators; they should be allowed to carry out the plans without fear of being shut down by a MTA.

BayREN does not support the Comments of the Joint IOUs to the extent that they advocate that administration be by an IOU PA. The EMV report highlights some of the inherent challenges with a single IOU lead for a statewide program:

The transition to third-party implementation and greater statewide administration in California may be especially complex compared to other states because of the historical influence the IOUs have had on the current energy efficiency offerings and because of the variance across the state, both in terms of geography and customer types.... One program manager with experience in the California market also added that there may be some challenges with IOUs having to adjust to the lack of control over programs they are not the lead program administrator on but that:

"Having lived it, running a statewide program means a lot of loss of autonomy and flexibility. Each utility doesn't get to set exact incentives and that's a problem. Each utility has a different benefit-cost threshold and it's hard to offer the same incentive to the entire market."³

4. Comment specifically on your preferred resolution of the second non-consensus issue identified in Attachment A (see pages 36-38) with respect to the cost-effectiveness threshold that should be required for market transformation initiatives? Parties may also propose other alternatives.

While BayREN does not take a strong position, we request that the Commission be mindful that strong focus on only the TRC, will result in leaving out significant markets, particularly those most in need. As noted in the Evergreen EMV Report:

² Comments of Marin Clean Energy on Market Transformation Report, at pages 2, 4-5.

³ *Bottom-Up Statewide Energy Efficiency Program Composition Review* (EMV Report), prepared by Evergreen Economics for the California Investor-Owned Utilities, at pages 63-64, (herein Evergreen EMV Report). (Emphasis in original.)

As portfolio cost effectiveness has declined over time, it may be time to update the intent and goals related to achieving customer equity and serving hard-to-reach segments.

Suggestion: The CPUC might consider more clearly establishing how customer equity and serving hard-to-reach customer segments should be prioritized in relation to program savings and cost effectiveness, particularly with respect to programs that are transitioning to statewide administration.⁴

6. Should a budget allocation to market transformation be incremental to the rolling portfolio budgets, or should a portion of the energy efficiency rolling portfolio budgets be redirected to market transformation? Why?

BayREN supports the position of other parties that the budget for the MTA should not come from the PAs budget, as those were developed in concert with planned business plan activities.

8. How should the coordination between resource programs and market transformation initiatives be managed? Would a cooperation agreement between market transformation initiatives and resource programs be useful?

MTA must prioritize coordination and integration into existing portfolios, especially in the short term. BayREN agrees that there should be a separate Joint Cooperation Memo (JCM) with the between the MTA, that should be filed after the REN/IOU JCM; this would allow for the current information about the different programs and allow for a memorialized roadmap.

⁴ Evergreen EMV Report, at page 9.

III. Conclusion

ABAG appreciates the opportunity to provide these Reply Comments.

Respectfully submitted,

A handwritten signature in black ink that reads "Jennifer Berg". The signature is written in a cursive, flowing style.

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