



Local
Government
SUSTAINABLE ENERGY
Coalition

P.O. Box 3629 • Oakland • California • 94609
510/459-0667 • www.lgsec.org

October 30, 2012

Jean Lamming
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Energy Efficiency Research Agenda for the Government Sector

Dear Ms. Lamming:

The Local Government Sustainable Energy Coalition (“LGSEC”) appreciates the opportunity to provide comments on the draft energy efficiency research plan for the government sector. Several of our members participated in the webinar you hosted October 24 and provided verbal comments at that. This letter amplifies those comments, and provides additional detail. In general, the LGSEC recommends the Commission start its inquiry in any sector by using data to inform the research agenda.

Overarching Comments

As the Commission develops its research plan for the entire portfolio, it should ensure that studies are designed to inform future energy efficiency portfolio design and performance. Studies should rely on data to determine study direction: for example, look at energy usage across sectors to determine where there is higher or lower energy use for similarly situated customers, then look at whether the program being studied is driving those trends. As a preliminary matter, there is not consistent data available to local governments and other participants on energy usage in a usable format, something the Commission is addressing in other venues but which must be acknowledged here.

From comments during the webinar, it appears that the Commission may be looking for studies and other activities to use the allocated the four percent of overall portfolio budget for EM&V. The four percent should be regarded as a cap, and not a total amount that must be spent. While it is helpful to have the data from EM&V studies and related work, it may not be necessary to spend four percent of the overall budget to gather this information. In the slides used for the October 24 webinar, four percent is about \$58 million; even a fraction less of four percent would be significant and could be directed to actual program delivery, which LGSEC believes should be the goal for all energy efficiency programs.

The Proposed Decision directs the Energy Division to “continue the existing process of collaboration and dispute resolution between Commission staff and the utilities.” (p. 57) It does not provide similar direction to consult with other entities that are designing and implementing programs for this portfolio, particularly local government partners and the RENs. The LGSEC

assumes this is an oversight and that the Energy Division intends to work as closely with other entities as it does with the investor-owned utilities (“IOUs”).

Comments on Proposed Studies

Study 1: Process and Effectiveness Evaluation of Local Government and Institutional Partnerships (IOUs conduct, \$400,000, complete by Dec. 2013)

If the Energy Division proceeds with this study, LGSEC members should have a role in developing it. This study should evaluate whether the partnerships as designed and managed by the utilities are achieving the goals of the *Energy Efficiency Strategic Plan*, particularly goal #5; every local government by 2020 will have in-house energy management capability. It appears that the current program design, at least in Southern California, is creating more utility jobs than building in-house local government energy management capacity. See also comments on Study 3.

Study 2: Market Assessment: Partner Needs and Wants (IOUs conduct, \$125,000, complete by Dec. 2013)

The fact that this study is even being considered speaks to the concerns expressed above about Study 1 and the utility partnership models. In light of the creation of local government Regional Energy Networks (“RENs”) we suggest there should be a more active role for the RENs in this study. Findings could and should be addressed by the RENs in their program implementation, so it is important that the research is structured to assist IOUs and RENs in gathering information needed to improve provision of services to local governments.

This study will be of value if assists to systematize the way in which local governments have opportunities to provide strategic direction on program offerings, request/receive specific services from IOU programs, and request/receive data from the IOUs. It has been the experience of many local government partners when expressing priorities (Needs and Wants) for their region to the IOUs that they are not responded to or met in IOU Local Government Partnership program design and budget allocations.

Study 3: Process and Effectiveness Evaluation of SCE’s Energy Leader Model (SCE conduct, complete by Jan. 2014, \$250,000)

The LGSEC is on the record many times in the Commission’s energy efficiency dockets with concerns about how the utilities collaborate with local government partners. The LGSEC also has suggested that the Southern California Edison (“SCE”) Energy Leader Model does not foster the ability of local governments to assume responsibility and develop in-house energy management capability, one of the goals of the *Energy Efficiency Strategic Plan*. In particular, the current manner in which SCE and Southern California Gas are rolling out their partnerships for the Transition Period seems to be a step backwards in terms of achieving of this goal. The two utilities’ proposed partnerships rely on ‘hands-on’ and ‘virtual centers,’ which places more of the work with the IOUs than local governments. Additionally, the Proposed Decision expresses concern about the number of small projects and fewer savings; it may become the new normal to have more small local government projects if we are to capture all the ‘deep retrofits’, and it will be less cost effective to seek all those small projects in the current manner as set forth in the approach from SCE and the Gas Company proposed for 2013-2014. Under this approach, local

governments continue to manage projects based on incentives and utility pipelines, and not necessarily on the local government entity's budget and schedules.

This study must include greater involvement by local government partners, particularly in the framing of the issues. It should be conducted not by SCE, but by the Energy Division. It would appear SCE has a conflict of interest in evaluating its own program performance.

Study 4: Barriers to Reach Code Adoption (coordinated with C&S Research Roadmap) in Participating and Non-Participating Cities (IOUs conduct, complete Dec. 2013, \$100,000)

This is an example of where the Commission should be using data on code adoption to drive study design. The Commission should be mindful of the Codes and Standard program that the BayREN will be running during the Transition Period, with a specific focus on local jurisdictions. That program is designed to ensure better compliance and facilitate reach code adoption. We note that the proposed study is focused on reach codes in Northern California. The Commission must ensure that the "statistically representative sample" includes jurisdictions across the state. Building industry involvement and influence varies widely and has a large impact on reach code adoption. The Commission may also want to focus reach code research on jurisdictions with development potential. The biggest impact will come from areas that expect construction in coming years. Additionally, the Commission should certainly look at data from the BayREN program and contrast it with findings for the IOU programs.

Study 5: Code Compliance Evaluability Study (IOUs conduct, complete Dec. 2013, \$50,000)

This is another study where the Commission should be using data to drive study design. Again, the Codes and Standards program the BayREN will implement is focused on many of the same objectives identified in the presentation for this study. The BayREN should have a role in this study.

Study 6: Case Studies of LGP Types (IOUs, no completion date, \$80,000)

It is not clear what the objective is for this study. Is there a data set that will inform this study? Before spending money on this, the Commission may want to consider whether case studies are useful and actually drive participation by market sector participants.

Study 7: Pulse Check Survey (IOUs, no completion date, use existing budget)

No comments at this time.

Study 8: Outcomes of Policy Initiatives (Climate Action, Reach Codes, RECO/CECO, General Plans, etc.) (Energy Division, complete Sept. 2014, \$200,000)

As described, it is unclear how this information will inform future planning and funding. A top-down approach to evaluating success (based on participation numbers in a city/area) may provide helpful information or allow for comparison between success rates and policy documents across jurisdictions. Focusing on Climate Action Plans ("CAPs") or codes may not be an effective representation of what a jurisdiction is doing – CAPs don't always lay out new policy/regulation, often measures included are already on-going. Some jurisdictions use Energy Action Plans, not Climate Action Plans, to drive toward similar objectives.

If the goal is for the utilities to learn how they can improve the effectiveness of their programs and understand how policy influences participation, the study should also look at cities that are working to develop policy initiatives. The study should focus on difficulties in preparing plans and ways the utilities can support that process. Consumption data is not always the only need – utilities could assist in providing quantification data for proposed measures (which would ease the burden on local governments to do those calculations for inclusion in plans), Utilities could also assist with on-going data provision (on an aggregate level) to allow local governments to track progress/effectiveness of plans, utilities could provide guidance related to target areas or sectors (without disclosing confidential data) to help local governments make more informed decisions about where to allocate resources.

Study 9: REN Evaluation (Energy Division, kickoff early 2013, \$700,000)

RENs must be involved in this process, the way the utilities are involved with studies of their programs. If the Commission allows the utilities to design and conduct the studies of utility program, RENs should have that same opportunity with REN programs. Also, the Commission must define how the evaluations will be coordinated with cross-cut programs. This means parties will not only need to understand how the REN evaluation is structured, but also how the utility evaluations of similar programs are structured.

Thank you for the opportunity to provide input to the Study process. The LGSEC and our members look forward to working with you as this process moves forward.

Sincerely,



Jody London
Regulatory Consultant to the LGSEC

cc: Ed Randolph, Energy Division Director