BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of
Integrated Energy Policy Report

Docket No. 15-IEPR-05

COMMENTS OF THE
LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON STRATEGIES RELATED TO BENCHMARKING AND LOCAL GOVERNMENT CHALLENGE IN THE
DRAFT EXISTING BUILDINGS ENERGY EFFICIENCY ACTION PLAN

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

I. Introduction

The Local Government Sustainable Energy Coalition[1] ("LGSEC") is pleased to provide these comments on the May 7, 2015 workshop that addressed strategies related to benchmarking and the Local Government Challenge program, both proposed in the March 2015 draft of the California Energy Commission's ("CEC") *Existing Buildings Energy Efficiency Action Plan* ("Draft Action Plan"). The LGSEC has previously submitted comments on the overall Draft Action Plan. We appreciate this opportunity to delve deeper in to these topics.

Specifically, below we highlight:

- The importance of energy usage data for effective benchmarking;
- Factors to consider in adopting benchmarking and disclosure policies;
- Strategies to increase the effectiveness of the Local Government Challenge;
- Suggestions to help with local government implementation of building codes;
- Questions around whether Disadvantaged Communities criteria will apply to the work anticipated in the Draft Action Plan; and
- The opportunity to Think Big, and work outside historical constraints.

II. Data Is Essential for Effective Benchmarking

The workshop reinforced what the LGSEC and others have been saying for years: effective benchmarking can only occur when data is readily available. The status reports from other jurisdictions make clear that the most successful programs facilitate the exchange of data. The CEC must continue its quest to compel the provision of energy usage data in existing

[1] The LGSEC is a statewide membership organization of cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC's Board. A list of our members can be found at www.lgsec.org.

buildings. This will require action at the CEC, and by other agencies, particularly the California Public Utilities Commission. The CEC must take this opportunity to lead.

It is notable in the presentations that many of the benchmarking policies are motivated by a goal of reducing greenhouse gas emissions. Benchmarking policies assist local governments in reaching locally adopted climate action plans. This is directly in line with the Governor's goals for California. On this topic, as well, the CEC has an opportunity to lead the State by moving to a metric that looks at energy savings as a subset of the broader goal of reduced greenhouse gas emissions.

III. Benchmarking and Disclosure Policies

While the LGSEC applauds the inclusion of benchmarking and disclosure policies as a foundational component of the AB 758 plan, we caution the State against assuming that policies that have succeeded in large cities with dense office building stock (New York and Chicago) can be immediately applied in the majority of cities in California. In order for the intended impact of the benchmarking and disclosure policies to materialize, the following factors should be considered :

1) In the initial phase of implementation, the cost of implementing and enforcing a benchmarking and disclosure approach is only justified in juridictions that have a high concentration of commercial building stock, where the majority of large buildings in a jurisdiction match the types of buildings that Portfolio Manager can benchmark. Even cities with these characteristics, such as San Francisco and Berkeley, face major barriers for successful implementation. These include lack of data availability for tenants in office buildings and the lack of portfolio manager scores for the large majority of building types

(outside of municipal and commercial office space) that would meet a 20,000 square feet implementation threshold.

2) The LGSEC supports the addition of multifamily buildings to the building types included in statewide benchmarking and disclosure policies. Successful implementation in both multifamily and commercial rental tenant sectors will require that tenant and common area data can be automatically uploaded by the utilities to Portfolio Manager (or compatible benchmarking tool) in whole-building aggregated anonymous format. This is necessary to provide a complete picture of a building's energy usage (tenant paid and common area meters combined) to property managers, owners, and program implementers. It is critical that this data functionality be addressed by the utilities in the immediate implementation of AB758. Otherwise the benchmarking strategy will falter in the rental tenant sector.

3) The CEC should consider benchmarking and disclosure strategies which link the energy efficiency benchmarking with a broader suite of activities. Energy efficiency is a key component of green building labeling programs (e.g., LEED, Green Point Rated, Green Communities, Green Business program), but the comprehensive approach of a green label also captures and measures other benefits such as water, waste, and greenhouse gas savings, and a healthy low-toxic environment.

4) The CEC should collaborate with the U.S. Department of Energy ("DOE") to make sure national asset rating tools, which can stand alone or be a component of a more comprehensive green building label, can be used in the California market. Initial analysis suggests that the DOE Home Energy Score is a less costly approach to assigning an asset rating for time-of-sale than the CA HERS II score. A simple and low-cost residential asset rating is particularly important for broader adoption of voluntary programs, as well as

mandatory disclosure and upgrade policies at the local level. This is true for both the residential single family and multifamily sectors. A simple-to-apply asset rating and assessment process should be considered specifically for multifamily buildings.

IV. Local Government Challenge

The LGSEC is pleased that the CEC is recognizing the critical role that local governments play in achieving State goals. As we described in our April 24 comments in this docket, there is opportunity in the final Plan to further leverage the leadership local governments are providing in realizing energy savings in existing buildings. The Local Government Challenge provides another channel for engaging local governments and creating opportunities to share best practices across the State. We appreciate the CEC's recognition of the need for resources to support local government role in implementation of energy efficiency strategies in the existing building sector by putting forward this grant program.

The presentation at the workshop recognized the role and jurisdiction of local governments, our unique connection and duty to respond to constituents, the large number of buildings we own and/or operate, and the lack of consistent funding for local government green building initiatives. The presentation also highlighted the CEC's interest in engaging more local governments, of all sizes, across the State.

The activities currently emphasized in this strategy seem to focus most concretely on local ordinances and energy code compliance. It should be noted in the development of program guidelines that local governments also play a key role in voluntary, market-based efficiency and financing programs, in addition to passing ordinances and enforcing the building code. Direct outreach through local governments has proven to be one of the most successful means of engaging participation in efficiency programs. Local governments have been effective in administering financing programs (such as PACE residential, which is showing significant uptake, and local government group solar purchase programs). Local governments also have been key entities paving the way for comprehensive reach codes which include both energy efficiency as well as other green building criteria prior to the adoption of Cal Green, and they are actively setting priorities for planning and development at the jurisdictional and regional level to which energy efficiency could be incorporated.

We continue to urge the CEC to identify additional funding for this program. The $20 million/year identified as coming from Cap and Trade revenues will help, yet there is significantly more opportunity across the State. The LGSEC stands ready to assist the CEC in identifying and making the case for additional resources.

The Local Government Challenge will allow local governments to initiate new tasks, and take on new or different endeavors as we push the envelope to increase building efficiency and reduce greenhouse gas emissions. This initial work will, by necessity, require staff time to make these efforts successful, and to make the business case for incorporating this function into local government long-term work plans and budgets. We encourage the CEC as it builds out this program to recognize this reality.

V. Code Implementation by Local Governments

The LGSEC appreciates that the Draft Action Plan recognizes various issues related to implementing the increasingly complex building energy code, and that the Local Government Challenge grant sites improved code compliance as a potential activity. Improved application of the building energy code would mean 1) higher rates of compliance with pulling permits and 2) building departments fully enforcing the code. While a variety of strategies will be necessary to address these complex issues, we would like to point to two underlying causes that the CEC should address as part of a more comprehensive strategy.

1) Local governments need resources to engage in the development of the energy code they are tasked to implement. While there is a public code adoption process, local governments do not have specific funding resources to participate in the way that the Investor-Owned Utilities do. The IOUs, who use ratepayer funding to develop Codes and Standards Enhancement proposals, are not in direct contact with the day-to-day issues faced by building departments.
2) The CEC must address the complexity and cost of portions of the building code which are simply too onerous for the market to bear. HVAC compliance issues point to the unwieldy nature of the change-out requirements that cannot be fixed by simply providing local governments with more IOU sponsored trainings.

The LGSEC recommends that the CEC undertake meaningful and direct engagement with local governments throughout the state to evaluate the enforceability of the energy code during the development process. If the projects are not even coming to building departments for permits, the enforcement issues are arising in part of the design, construction, permitting and enforcement cycle that is not within local government building department control.

VI. Disadvantaged Communities

As the more detailed grant guidelines are developed, and a longer term source of funding is secured for ongoing solicitations of the grant, we urge the CEC to carefully consider if /what Disadvantaged Communities criteria will apply. There are key determinants about which technologies and strategies will be able to penetrate targeted markets, and getting to the markets ripe for deployment will be severely constrained by applying the Cal EnvironScreen to all funding priorities. There are priority development areas identified through regional public planning processes throughout the state, which are aligned with local housing elements and development investment plans, which should be factored into the geographic distribution of funding awards to ensure public funding serves disadvantaged citizens and also achieves the energy savings intended.

VII. Think Big

At the April 21, 2015, AB 758 IEPR workshop at the CEC, Former Assemblymember Nancy Skinner made comments regarding the need to quantify the impact of the various strategies in the Draft Action Plan in order to prioritize their relative importance. While we agree with this in general, we do hope that the CEC does not limit the programs under the Draft Action Plan to the regulatory lens of cost-effectiveness as constructed by the CPUC for program evaluation and by the CEC for T-24 part 6 Code adoption. Recognize that some actions might be located somewhere up the cost-effectiveness curve, or might not be cost-effective in the immediate time frame, but provide various other societal benefits and/or are essential for a robust market that will enable real energy efficiency and integrated demand side management strategies to flourish throughout the State. We also encourage the CEC to look at strategies which have been constrained due to the CPUC regulatory environment, that could be advanced with funding that does not have the same cost-effectiveness constraints. An example of this would be to support outside of the box strategies - such as fuel switching - that do not fit squarely within an efficiency or generation category for funding under current CPUC definitions.

Respectfully submitted,

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