BEFORE THE CALIFORNIA ENERGY COMMISSION

Docket 15-IEPR-05

COMMENTS OF THE
LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON
JULY 6, 2015 WORKSHOP ON GOVERNOR'S ENERGY EFFICIENCY GOALS

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

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I. Introduction

The Local Government Sustainable Energy Coalition[1] ("LGSEC") is pleased to provide these comments on the July 5, 2015 workshop on the Governor's energy efficiency goals. The fact that so many organizations in State government – California Energy Commission ("CEC"), California Public Utilities Commission ("CPUC"), California Independent System Operator ("CAISO"), Department of Community Services and Development ("CSD"), Governor's Office – are coming together to implement these goals is heartening. We encourage the agencies to continue close collaboration, and to identify ways to truly integrate the many technical and policy elements that must operate together if we are to reduce energy consumption in the built environment.

One voice was notably missing from the July 6 workshop: local governments. As we will illustrate in these comments, local governments are critical to the success of this goal. The members of the LGSEC are working hard already to realize the State's ambitious energy and climate goals. We will be more successful when we can better collaborate with those at the State level with responsibility for implementing these policies.

II. The Value Add from Local Governments

Local governments are critical to the success of State policies. It is local governments -- through our climate action plans, our general plans, our energy plans, our Property Assessed Clean Energy Programs ("PACE"), our local policies and programs, our ability to partner with community based organizations and local institutions such as community banks and credits unions, and more – that realize the State's goals. The LGSEC has provided comments

[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.

previously on the key role of local governments,[2] so we will not belabor it here, except to point out again that including local governments in these workshops and other discussions will enhance the breadth and depth of the conversation, and the solutions.

III. The Issues Raised at the July 6 Workshop

The July 6 workshop addressed many issues that are critical for increasing the efficiency of existing buildings. Below we provide additional commentary and solutions for those issues.

A. Energy Efficiency Resource Standard

1. Focus on Customers

Jason Wimbley from CSD rightly named the importance of placing value on energy efficiency programs offered by entities other than the utilities. Jonathan Changus from the Northern California Power Authority amplified this when he reminded the workshop that programs must be focused on what will motivate customers. This is precisely where local governments can be most useful. We are in daily communication with the millions of individuals who must decide to make improvements to existing buildings in order to increase the efficiency of those buildings. The State agencies should consider whether the strategies used historically to design energy efficiency programs, where utilities have primary control, are best serving customer interests, and explore other models for designing programs.

One example of this is the City of San Jose, which in 2011 partnered with a local credit union in a program in which a local credit union provided loans to City residents so they could invest in solar panels. The panels were purchased in bulk, bringing down the initial cost. The City was able to use its relationships with the financial community and its residents, as well as its purchasing power, to facilitate this program. PremierOne Credit Union is still offering the Go

[2] See for example April 21, 2015 **Comments Of The Local Government Sustainable Energy Coalition On *Draft Existing Buildings Energy Efficiency Action Plan***, in this docket.

Green program, which provides low-rate equity loans to finance solar panel systems; geothermal heating systems; radiant floor hearing; double-paned, low energy "E" windows; skylights and sun tubes; solar outdoor lighting; and drought tolerant landscaping. There are other examples of innovative financing programs sponsored by local governments. Local governments are well-positioned to continue to pilot innovative financing programs, and would be happy to do so as part of the implementation of the Governor's goals in this area.

Some local governments are finding that it would be useful to adopt a planning-based approach to zero net energy buildings. Local governments manage portfolios of public buildings and are in relationship with entities that manage portfolios of buildings. It is our observation that the organizations would benefit from a toolkit or template that provides guidance on a broader scale, for example, how to effect zero net energy over dozens of buildings and long-term planning and financing horizon. The LGSEC and its members would be happy to help the State agencies develop this type of guidance.

2. More Useful Program Evaluation

At the workshop, during this topic there was also discussion of what the next generation of evaluation, measurement, and verification ("EM&V") should look like. There is an easy answer to this: it must be less complicated. And it should be driven by need. Right now, the CPUC sets aside a percentage of the overall energy efficiency budget for EM&V, *then* it figures out what it should study. A different approach would be to determine first what needs to be studied, then the budget required. Use the data from all those smart meters, and look at where energy use is aberrant – across sectors, geographic regions, and in specific programs. Base EM&V on actual need, and send the money that is not needed for studies back to customers in the form of programs.

The LGSEC agrees that the timing for EM&V studies must be accelerated if the studies are going to be useful. Or perhaps separate EM&V for purposes of determining shareholder incentives from EM&V that informs actual program design. Right now EM&V studies funded through the CPUC's policies are used to inform the shareholder incentive for investor-owned utilities. We remind the agencies that local governments do not require a profit motive. EM&V of our programs can be less contentious and allow more efficient use of ratepayer funds.

3. New Funding Sources

We also recognize the importance of additional funding for broad energy programs that integrate distributed renewables and demand side programs. We suggest that funds from the State's cap and trade allowance sales should support pursuit of the deep energy efficiency savings that are required to meet our climate goals.

4. BayREN Multi-Family Program Sets Example for Whole Building Approach

On the question of how to realize savings from multi-family programs, we direct the agencies to the comments being filed by the San Francisco Bay Area Regional Energy Network, which include more information on the BayREN's highly successful Multi-Family program. This program is focused on whether a building overall is saving energy over where it started, rather than on specific technologies that must be used. This same flexible approach to whole buildings should be encouraged in the commercial sector; local governments stand ready to run pilots.

B. Options for Heating Fuels

As the State looks at greater electrification of the built environment and the transportation sector, local governments again can play important roles. We were struck by the comment from the CAISO that every 1000 MW of over-generation could power 300,000-600,000 electric vehicles. The CAISO forecasts 10,000 MW of over-generation in coming years. Local governments can through our permitting processes and local goals for our own facilities compel the installation of more EV charging stations.

C. Code and Existing Buildings

1. Program Design Should Reflect Reality

It is telling that so many market players are calling for a more realistic approach to code and existing buildings. The LGSEC agrees with Talbot Gee from the Heating Air-conditioning & Refrigeration Distributors International that Title 24 is not well-applied to existing buildings. The comments of this panel regarding what is occurring in actuality in the field – the different abilities of owners of larger and smaller properties to undertake efficiency retrofits, the bifurcation between new and existing buildings, very few existing buildings being eligible for incentives under current policies – are true in our experience.

The LGSEC sees merit in the suggestion that the pace of Title 24 is not realistic for existing buildings. Even if the pace slows down, the industry needs the ability to provide incentives for retrofits that make any improvement in existing buildings, not just improvements that exceed code. The LGSEC has been advocating for this change for several years at the CPUC. Perhaps now is the moment that the State agencies can collectively agree that a pragmatic approach is required. This is not to brush aside the importance of using funds cost-effectively.

2. Data is Critical for Success

This panel also included discussion of energy usage data, and the ability to use data to inform program evaluation and design. On this point, we encourage the CEC to follow through as it adopts and implements the *Existing Buildings Energy Efficiency Action Plan* to compel the utilities to provide energy usage data to local governments. We have commented previously in CEC and CPUC dockets on why this is so important.

The Utility Reform Network suggested in this panel that we need to finance energy efficiency the way we finance other investments. The LGSEC agrees. This is why so many local governments have established PACE financing programs. We note that these programs are operating currently almost entirely outside the view of the State's energy regulators because they are sponsored by local governments and underwritten by private lenders. There may be more progress toward the State's goals than the agencies realize.

D. Market Transformation

The LGSEC does not have specific recommendations on market transformation at this time. We see merit in studying whether an independent administrator like that used in the Northwest, and proposed in SB 765 (Wolk) would make sense in California.

IV. CONCLUSION

The LGSEC welcomes this opportunity to inform the deliberations of the State agencies to increase the efficiency of existing buildings. We look forward to future collaboration on the many issues involved.

Respectfully submitted,

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