BEFORE THE CALIFORNIA ENERGY COMMISSION

In the matter of: Comprehensive Energy Efficiency Program for Existing Buildings (AB 758 Program)	Docket No. 12-EBP-1

COMMENTS OF
THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON EXISTING BUILDINGS (AB 758) SCOPING REPORT

JODY S. LONDON
Jody London Consulting
P.O. Box 3629
Oakland, California 94609
Telephone: (510) 459-0667
E-mail: jody_london_consulting@earthlink.net

For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

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I. INTRODUCTION

The Local Government Sustainable Energy Coalition[1] ("LGSEC") appreciates this opportunity to provide input to the California Energy Commission ("CEC") regarding implementation of Assembly Bill 758. Several LGSEC members participated in the workshops earlier this month regarding the Scoping Report. Local governments throughout the State are developing and implementing programs that cut across industry sectors to achieve whole building retrofits. Many of these programs were initiated with funds from the American Recovery and Reinvestment Act ("ARRA"). Local governments have played a key role in the recent success of comprehensive retrofits offered as part of Energy Upgrade California. A Proposed Decision from the California Public Utilities Commission ("CPUC") released earlier this month would, if adopted by the CPUC, continue these programs in a 2013-2014 Transition Period for energy efficiency programs funded through investor-owned utility ("IOU") ratepayers.

A key tool for bringing local government programs to scale in 2013-2014 will be the formation of local government Regional Energy Networks, which will complement the ongoing work of local governments and IOU programs. The proposed San Francisco Bay Area REN ("BayREN") and the Southern California REN ("SoCalREN") both propose to expand programs that align with the goals and issue areas identified in the Scoping Report.

In these comments, the LGSEC offers high level comments regarding the goals and structure of energy efficiency programs, with specific attention to opportunities to engage more local governments and the reach of programs offered by local governments. Local governments are uniquely positioned to leverage funds from multiple sources, integrate opportunities across

[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.

media, provide workforce and economic development benefits, and optimize the relationship of trust local governments have established with constituents.

II. RECOMMENDED GOALS FOR AB 758 IMPLEMENTATION

A. Empower And Align With Local Government Programs And Policies

As the CEC implements AB 758, the LGSEC encourages the CEC to be mindful of ongoing local government programs and policies that will yield more efficient buildings. The Scoping Report discusses work ongoing on several areas, including residential buildings, multi-family buildings, commercial buildings, financing, workforce training and development, and marketing and outreach. In each of these areas there are local government programs, some operated by individual local governments, other operated by regional collaborations of local governments. AB 758 implementation efforts should complement this body of work, not supplant it. This partnership is not without precedent, as these same local governments worked closely with the CEC to implement the State Energy Plan under ARRA.

B. Leverage Funding And Streamline Program Offerings.

As the CEC implements AB 758, it should remain cognizant that local governments are uniquely positioned to tie together energy efficiency investments (for example, incentives, implementation, and evaluations) with other types of potential resource area investments in order to leverage funding and streamline program offerings to consumers. For example, local governments routinely work with water agencies, water being a key area of potentially significant energy savings. Local governments are integrating water saving opportunities into their sustainability and climate action plans, and have ongoing operating relationships with water purveyors. A statewide fee assessed on tonnage sent to landfills can finance local government initiatives to reduce the solid waste stream. Local governments have operating relationships with housing authorities, community development commissions, banks and other lending institutions, and other government entities that finance and manage low-income housing. Many local governments are building out infrastructure to accommodate electric vehicles.

C. Coordinate With Housing And Workforce Resources.

Local government operating departments often include housing and workforce development agencies, particularly in larger cities and most counties. Local governments can bring these operating departments together in service of AB 758 implementation. One example of how local governments can do this is the SoCalREN, which proposes a pilot training program in 2013-2014 to do the following:

- Identify the need/demand for labor in non-residential building sectors, primarily the Municipal, University, School, Hospital ("MUSH") sector.
- Create a program that connects and coordinates labor resources from local job training groups that assist minorities, low-income and disadvantaged workers.
- Identify and connect training resources with potential labor pools.
- Develop and encourage apprenticeship programs in energy efficiency non-residential sectors.
- Develop and deploy standard contract language for contractor selection that includes local hiring, support for state-certified apprenticeship programs, and job quality standards.

D. Ensure Access to Building Usage Data, Which Is Key To Managing And Reducing Building Load

In every sector building owners and operators, be they single family, multi-family, or commercial, need automated access to energy consumption data. For multi-family and commercial buildings, this data can be anonymous, aggregated consumption data at the whole-building level. Without this information, property owners do not have a complete picture of their building's performance, particularly before and after upgrades are performed. The CEC can easily facilitate access to energy usage data through the AB 1103 program focused on building benchmarking.

The LGSEC has long advocated for the California Public Utilities Commission ("Commission") to direct the utilities to provide aggregate and disaggregated customer usage data that local governments require to carry out specific mandates. To meet energy and greenhouse gas ("GHG") reduction goals and targets, cities and counties are assuming a strong leadership role and are formulating individual and regional strategies for feasible GHG reduction solutions within their communities. By necessity, cities must implement comprehensive and integrated GHG reduction strategies because cities are typically responsible for a diverse palette of resource management and infrastructure construction and maintenance services within their communities. Local governments are also legally responsible for a number of local, regional, and State mandates related to land use and transportation, integrated resources management, air quality, energy efficiency codes and standards, and green building practices. Local governments must create city-wide and county-wide climate protection strategies that examine and address all the sectors and all the activities within their communities. Local governments, therefore, exert tremendous influence over a range of issues and policies that will have a decisive effect on achieving California's AB 32 and *Energy Action Plan* goals.

Given this, it is essential that local governments, whether individually or acting regionally, receive detailed information about energy consumption in their jurisdictions. The LGSEC concurs with the recommendations from the City of Fresno that providing this data graphically, using maps to show areas with higher (or lower) energy usage, can be a very effective tool in identifying where to target resources. Local governments can help overlay on maps for their areas information specific to local economic conditions in the communities, to provide a better understanding of barriers that could inhibit large-scale energy efficiency retrofit participation.

E. Standardize The HERS II And Single Family Asset Rating Processes

State requirements should allow local government programs to leverage efficiency program tools and resources. In order to support single family energy efficiency programs, it is essential that building energy asset rating tools are accessible, accurate, and consistent. The LGSEC recommends the following guiding principles. First, in order to be cost effective, energy assessments should take no longer than 1 to 2 hours to complete, including generation of rating and report.

Second, the energy rating needs to be integrated into efficiency upgrade offerings so that Energy Upgrade customers have an energy rating upon completion of Energy Upgrade without further need for costly assessments. This would increase the asset value through a higher post-upgrade score and create an alternative compliance path to ratings and disclosure requirements through voluntary incentive programs. This is especially critical in mild coastal climate zones where home performance contractors deliver the IOU programs, but are not authorized to provide a post-upgrade HERS II score.

Third, rating system software should be transparent and available as an API (Application Protocol Interface) to efficiency program providers at no cost. There should also be a feedback mechanism to collect and correct data anomalies. Finally, energy usage and performance rating should also be considered as useful, low-cost components of an asset rating, providing important information about how a building is actually operating.

F. Realize Multifamily Opportunities By Focusing On Customers

At the October 8 workshop, LGSEC member StopWaste addressed how low- and moderate-income consumers can gain access to more comprehensive upgrade projects. In particular, LGSEC suggests that low- to moderate-income tenants will benefit if multi-family programs are made attractive for property owners/managers to participate because they ultimately make decisions about large scale permanent improvements to their buildings.[2] Multifamily Property Owner/Managers will readily make in-unit upgrades, even if the tenant receives the pay-back**,** if the customer is kept in the forefront of program design. Toward this end, the program must be designed with the following objectives:

Provide flexibility in which measures customers can install. Measures such as windows and insulation are often only cost effective in mild climates when averaged with other savings measures.[3]

Allow customers to leverage incentives with other sources of construction funding. The program should provide technical assistance to layer multiple sources of energy and non-energy funding. Building owners often need information to authorize spending PRIOR to hiring a professional to conduct an audit.[4] Contractor selection is driven by large construction budgets, not incentive programs.[5]

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[2] Low- to moderate-income sub-sector of multifamily housing resides largely in Rental, as opposed to Ownership, housing. In Alameda County for example, 40% of the total housing units are in multifamily buildings; approximately 80 % of the total multifamily units in Alameda County are rental units. Nationally, the average income of renters is about 60% less than the income of homeowners.

[3] This flexibility is necessary even if property owners aren't undertaking substantial enough work to participate in a whole-building approach program which might require a minimum energy savings threshold; consider an approach that is between individual measures and whole-building.

4 Modify Multifamily HERS II software to give preliminary deemed savings estimates based upon simple building inputs. This approach is used in Commercial New Construction Programs where IOU program account representatives can use a simplified SimCalc tool to give basic upfront estimates of energy savings prior to the owner/developer hiring an auditing/design/ construction team.

[5] Training specific to energy efficiency should be offered to general contractors and central system contractors who already work on multifamily buildings.

Offer customers a grant, a rebate with an up-front installment, or an equity contribution in direct conjunction with any energy specific lending product. Property Owners are typically not interested in assuming additional debt to pay for energy improvements if they do not have additional equity invested to justify that debt. Local government programs have been developed to demonstrate the cash-neutral or cash-positive potential of energy efficiency retrofits. The cost associated with auditing, data collection, verification, and quality assurance for a financing program is a large piece of overall administrative burden. Financing programs are only viable if they can leverage these functions across programs. These costs also double as marketing mechanisms to drive consumer awareness and action.

Provide building owners with automated access to aggregated anonymous energy consumption data at the whole-building level. Property owners do not have a complete picture of their building's performance pre- or post-upgrade if they cannot see the sum of their tenants' consumption on a whole-building basis. Local Governments that are initiating benchmarking, rating and disclosure policies could work with the multifamily sector if this data were being made available via ABS services.[6]

Ensure streamlined service delivery. Technical Assistance must be available to layer energy and non-energy resources. In addition to a single point of contact for the various programs in which customers may be interested (i.e., MFEER, ESAP, MIDI, WHUP, and CSI), consider how evaluation of savings attribution between programs that serve multifamily properties in different approaches could be improved. Respective funding and savings goals under which each program is evaluated creates competition amongst programs and will limit the cooperative offering of services to customers.

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[6] Similar to Commercial Building advancements under California's AB 1103 or in New York State where Multifamily falls under commercial benchmarking requirements

III. CONCLUSION

The implementation of AB 758 provides California with an unprecedented opportunity to upgrade the efficiency of the State's buildings, in every sector. Local governments touch every sector. The LGSEC and its members are eager to continue the work we have initiated over the past several years, particularly with funds from ARRA, in service of AB 758 goals. The CEC must ensure that AB 758 implementation efforts recognize and explicitly include local governments. Programs should be customer-focused, and informed by data on energy usage patterns.

Respectfully submitted,

Jody S. London

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Oakland, CA 94609

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