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July 12, 2013

Commissioner Andrew McAllister
The California Energy Commission
1516 Ninth Street
Sacramento, CA 95814



Dear Commissioner McAllister,

We, the undersigned, represent various environmental groups throughout California. We have been following the progress of the Commission’s efforts to implement AB 758, and are pleased with the Draft Action Plan’s solicitation of stakeholder feedback on the AB 758 program. We respectfully submit the below comments regarding The Draft Action Plan for the Comprehensive Energy Efficiency Program for Existing Buildings.

Program Goals; Coordination & Oversight

It is essential that the AB 758 program include clear goals and a concrete plan for how the CEC plans to achieve them, and this needs to be remedied in the Final Action Plan. The Draft Action Plan states, “The ultimate goal of the Comprehensive Energy Efficiency Program for Existing Buildings is to achieve meaningful energy savings in all building end uses.” The word “meaningful” is open to interpretation and lacks specificity; the CEC must set quantifiable goals for the AB 758 program and these goals should be chosen with consideration to the state’s other policy goals, including AB 32 and the Long Term Energy Efficiency Strategic Plan. We think that opening a joint CPUC/CEC rulemaking proceeding in order to further define the scope of the program is worth consideration, and something that the CEC should explore further.

The Final Action Plan must also include a clear timeline, and elaborate on how the CEC plans to meet each specific deadline. We applaud the suggestion of an oversight committee, as this



program is too complicated to be decided merely through a series of occasional CEC workshops. The oversight committee should play a larger role in the process, perhaps through targeted subcommittees and monthly meetings, and should report to the CEC on a regular basis. Findings and suggestions from the oversight committee could then be presented for public feedback at CEC workshops. Various stakeholders including environmental groups, green buildings groups, and environmental justice groups should all be included in the oversight committee.

We commend the CEC for working closely with the CPUC in designing and implementing this program, however the publicly owned utilities (POUs) are notably absent from this plan. California's POUs provide 24 percent of the state's energy, and need to be included as equal partners in this discussion. To discount their impact would be a major oversight. We suggest a separate section of the action plan detailing how the CEC intends to collaborate with the POUs on this program.

No Regrets 1: Data Reporting and Management

The Draft Action Plan correctly identifies the lack of access to energy usage data as a barrier to increasing widespread energy efficiency. We agree that data is key for program evaluation as well as to support informed decision-making. The CEC should consider making "building conditions" one of the data categories for which they collect information, and should track the change in these conditions before and after a retrofit. Building conditions encompass the type of non-energy benefits (NEBs) that homeowners often cite as influencing their decision to undergo an energy efficiency retrofit, and are a key part of "selling" the idea of an upgrade. NEBs include improved acoustics, climate, indoor air quality, and comfort. In addition, NEBs help to better characterize the true cost-effectiveness of a building upgrade. For example, poor indoor air quality in schools has been shown to lead to asthma, headaches, respiratory problems and more, which generate untold health costs. In a series of 17 case studies, students in schools that underwent retrofits showed average health improvements of 41%; such improvements ultimately lead to lower healthcare costs¹. By tracking NEBs, we can start accounting for the currently unrecognized savings that come with energy efficiency upgrades.

In non-residential buildings, building conditions could be determined by measurements of indoor air quality (ppm of CO₂), thermal comfort (temperature measured in degrees Fahrenheit and using a percentage of relative humidity), lighting (lighting levels measured in foot-candles), and acoustics (background noise measured with HVAC on dBa levels).

Although the Operations Report Card is a useful tool for tracking NEB's in schools, we are unaware of any tool that could be used for other building sectors. The CEC may want to consider developing such a tool, as it could have enormous long-term benefits in driving audits and upgrades. These are issues that require more research but are critical to success.

No Regrets 3: Foundational Marketing, Education and Outreach Resources



The Draft Action Plan notes that ME&O will play a vital role in transforming the energy efficiency market, however we argue that this will *only* happen if it is done correctly. For marketing to drive energy efficiency awareness and action, ME&O must be driven by the policy goals. This means that the CEC needs to determine quantitative goals for the amount of energy they want to save and the amount of greenhouse gas emissions they want to reduce, and then work backwards to determine the steps they must take to reach that goal (e.g., the number of media impressions they must leave in order to achieve that goal). To ensure that ME&O is truly foundational, it needs to be integrated throughout every stage of the program.

The list of “potential stakeholders” under the ME&O chapter is a good start, but it needs to include environmental non-profit organizations. These groups (many of them which are signed on to this letter) have years of experience “marketing” the environmental benefits of energy efficiency to the greater public, and have an enormous amount of credibility in many communities, particularly in lower-income communities. Such groups are uniquely positioned to best reach communities that historically have not been served and should be an integral part of the design and implementation of marketing efforts.

Voluntary Pathways 4: Public Sector Leadership

We support the idea of making public buildings a model for what can be done in the rest of the state, an idea that has already been adopted for new construction. There should be specific goals and timelines for what the CEC wants to accomplish through public building “pilots,” and a timeframe and procedure by which these ideas should be considered for adoption by other buildings.

The CEC should also take this opportunity to be as ambitious as possible and test ideas that might not be ready for mainstream adoption. One ambitious idea would be to use public buildings to pilot rolling requirements. Rolling requirements could take effect based on a variety of characteristics (e.g. building size, year of construction, or zip code). Requirements could range from an energy audit to a simple retrofit to a whole building upgrade. We also support the Draft Action Plan’s suggestion of green leases, but it’s unclear how quickly this will lead to results without more information on the turnover rate among public building leases.

Voluntary Pathway 5: Energy Efficiency in Property Valuation

Just as consumers expect to know how many miles per gallon a car gets before making a purchase, consumers should be able to draw from similar information before purchasing property. Including energy efficiency in property valuation would be extremely effective, and gets at the sort of “changing hearts and minds” value shift of which we need more. This policy should be prioritized as a “No Regrets” policy, as it fits the stated definition as a “foundational activity that will support and streamline current energy efficiency programs and markets while ensuring conditions that enable significant growth in energy efficiency upgrades.” We urge the



CEC to attach clear timelines to the associated “key initiatives,” and to begin taking the necessary steps that precede launching pilot programs.

Voluntary Pathway 6 – Encourage Development of Innovative Financing Mechanisms for Energy Efficiency Upgrades

The Action Plan correctly notes that financing is an important component of an energy upgrade program and that California needs to drastically increase the scale of investment in energy efficiency. While collaboration between the CEC and CPUC around financing is key, it appears as though much of what the CEC plans to do is support the CPUC in creating their financing program. This is problematic for two reasons. First, the CPUC’s cost-effectiveness standards are much more stringent than the CEC’s, and there are strict limitations to what customer funds can go towards. It may be difficult to fund ambitious measures meant to reduce green house gas emission and meet our AB 32 targets without changing how cost-effectiveness is evaluated. The CEC is a policy setting body, and needs to consider how they plan to meet our greenhouse gas reduction targets with these constraints, which may include joint agency work to modify the current constricting assumptions to better align policy rules with the state’s long-term climate plans (e.g., discount rate and EULs). Second, it is unclear how building owners in the POU territories should proceed, as the CPUC financing decision is geared towards those in IOU territories. It will be difficult for this program to achieve the scale needed with these constraints. In their collaboration with the CPUC, the CEC should also investigate why certain sectors do not utilize energy efficiency financing tools, and develop concrete solutions for how to increase participation.

We recognize that the CEC does not have its own source of funding for programs to support the initiatives in this plan. We therefore suggest the CEC consider the following options. First, the CEC should look into how they can leverage Proposition 39’s revolving loan funds towards energy efficiency improvements in public buildings. Second, the CEC should explore how to attract private investors and utilize private capital to grow the statewide energy efficiency in existing buildings program. While the Draft Action Plan touched on this point, the CEC needs to define specific steps they plan to take and indicate how they plan to identify potential investors. Third, the CEC should explore how to scale-up existing funding opportunities for the investor owned and publicly owned utility efficiency programs by working with the CPUC and utilities to address existing barriers that limit efficiency efforts. Finally, the CEC should work with Governor Brown to discuss how the AB 32 cap & trade dollars could be utilized under the AB 758 program.

Potential Mandatory Approaches

The action plan states that the CEC will evaluate the appropriateness of regulatory approaches. Over the past 20 years, only a small percentage of building owners have voluntarily taken action to increase energy efficiency in their buildings, proving that mandatory measures are needed;



critical opportunities will be lost if wait several more years before moving to this next stage. We will not reach scale or achieve anything close to widespread compliance based on voluntary measures alone. The question is not “should mandatory measures be used?” but “when and which mandatory measures should be used?” We recommend that the CEC utilize the subcommittee structure (suggested in the initial paragraph on Coordination & Oversight) to establish a group that will vet the idea for mandatory measures and propose a plan for implementation. This group should consist of experts both within and outside California, and be open to the public. The subcommittee’s proposal for implementation should then be subject to a public process to garner feedback. The mandatory measures listed in the Draft Action Plan are a good start, and we hope a public process will help build on them.

We applaud the Commission and staff for the work that they put into the Draft Action Plan. While this plan is a good start, there is still an enormous amount of work that needs to be done in fleshing out the details, and more specifics are needed to be able to accomplish a true statewide program. Over the past 30 years, California’s commitment to energy efficiency has helped the state avoid at least 30 power plants, has saved residents \$65 billion, has helped lower their residential bills to 25 percent below the national average, and has made California a leader in green jobs. Yet we have much farther to go, and our existing building stock is still largely untouched. Increasing energy efficiency in California’s buildings is essential to reduce our need to build new power plants and to cut harmful emissions from existing ones. We look forward to continued conversations about how to make the resulting program stronger.

Sincerely,

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Global Green USA

Lara Ettenson, Director, CA Energy Efficiency Policy
Natural Resource Defense Council (NRDC)

Kathryn Phillips, Director
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ⁱ Kats, Gregory. "Greening America's Schools: Costs and Benefits." October 2006, Capital E. (<http://www.usgbc.org/ShowFile.aspx?DocumentID=2908>) ("The Carnegie Mellon building performance program identified 17 substantial studies that document the relationship between improved air quality and health. The health impacts include asthma, flu, sick building syndrome, respiratory problems, and headaches.")