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California Energy Commission
1516 Ninth Street
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RE: Comments on Draft Action Plan ("Draft Plan") for the Comprehensive Energy Efficiency Program for Existing Buildings (Docket No. 12-EBP-1)

Dear Commissioners:

San Diego Gas and Electric Company ("SDG&E") and Southern California Gas Company ("SCG") (also referred to as the "Joint Utilities") appreciate the opportunity to provide their comments on "The Comprehensive Energy Efficiency Program for Existing Buildings Draft Action Plan" as requested in the Notice of Staff Workshops. The Joint Utilities support the California Energy Commission's ("CEC") Draft Plan to implement Assembly Bill ("AB") 758 that is intended to achieve greater energy efficiency ("EE") savings from both existing residential and commercial buildings. In particular, the Joint Utilities support the following principles in the implementation of the Draft Plan:

1. The Draft Plan strategies supplement and utilize the Joint Utilities' current energy efficiency programs.
2. The Draft Plan should complement our programs and avoid duplication by ensuring that SDG&E's and SCG's existing energy efficiency programs are leveraged whenever possible, and also by including projects that support energy efficiency but are not currently allowed in our energy efficiency programs based on CPUC policies.
3. SCG and SDG&E support the co-funding of projects from other non-EE identified sources of funds with our existing energy efficiency programs.¹
4. SCG and SDG&E recommend that our expertise and energy efficiency infrastructure be used to maximize the benefits of strategies outlined in the Draft Plan.
5. The Joint Utilities support balancing the need for customer data for analysis, evaluation, and program development with the need for customer privacy and appropriate data security protocols. As such, the Joint Utilities recommend that all Draft Plan data reporting and management strategies be consistent with the final CPUC-approved procedures and policies in R.08-12-009 (Smart Grid Order Instituting Rulemaking Phase 3).
6. SCG and SDG&E are ready to assist with tracking and reporting of savings.

The Joint Utilities also recommend that the CEC give thoughtful consideration to the inclusion of embedded energy savings that result from water efficiency and conservation measures that can be implemented in the various Draft Plan strategies.² To that end, we recommend that water agencies, water

¹ Non-EE funds are those not part of the California Public Utilities Commission ("CPUC") approved funds for the utilities' EE program portfolios.

² The amount of energy that is used to collect, convey, treat, and distribute water to end users, and the amount of energy that is used to collect and transport wastewater for treatment prior to safe discharge of the effluent. ("CPUC Embedded Energy in Water Studies" presented by Navigant Consulting, Inc, March 20, 2013. <http://www.cpuc.ca.gov/NR/rdonlyres/8A148105-521B-4A04-8930-310D06A0AD9A/0/CPUCMarch20thWaterEnergyWorkshopNavigant.pdf>).

utilities and other Water-Energy Nexus stakeholders be added to the stakeholder lists in the various relevant strategies.

The recent passage of Proposition (“Prop”) 39 and Senate Bill (“SB”) 73 provide a great opportunity to pilot and implement many of the Draft Plan strategies. SB 73 provides the framework for Prop 39 implementation using many of the same strategies that are referenced in the Draft Plan, including workforce training and education. SB 73 applies these strategies to California’s K-12 and Community College existing buildings. Many of the tools (e.g., benchmarking, energy audits, etc.), data management and collection, and measurement and evaluation envisioned by the Draft Plan can be developed and tested in this market segment. The Joint Utilities recognize the leadership of the CEC in the implementation of both AB758 and Prop 39 and therefore urge the CEC to use this opportunity to test and refine the Draft Plan strategies through their implementation phases and at the same time achieve the objectives of Prop 39.

The Draft Plan strategies require significant funding in order to be successful. Although the California Investor-owned Utilities (“IOUs”) have energy efficiency program budgets, they are not sufficient to sustain all the strategies outlined in the Draft Plan. The Joint Utilities have identified Prop 39 funds above as a valuable resource for developing and piloting many of the strategies. However, other sources of funding will still be needed for this tremendous effort to succeed. The Joint Utilities urge the CEC, together with the various stakeholders to: (1) develop specific goals that need to be achieved (consider annual goals and cumulative goals); (2) prioritize the various strategies using criteria such as cost effectiveness (including other types of analyses that may not be currently used at the CPUC); and (3) actively pursue other sources of funding.

The Joint Utilities support the general implementation framework of the Draft Plan. The three distinct sets of strategies or pathways consisting of “No Regrets” Strategies, Voluntary Pathways and Mandatory Approaches present a thoughtful and systematic framework by which the objectives of AB 758 can be pursued. The Joint Utilities provide for the CEC’s consideration the following comments that focus on specific recommendations to enhance these three strategies.

1. “No Regrets” Strategies

NR1.1: Many of the Key Initiatives outlined in NR 1.1 have been the subject of vigorous, detailed discussion in the CPUC’s Energy Data Center workshops (R.08-12-009). A broad spectrum of stakeholders including the IOUs, privacy experts, researchers and market participants have provided their input on data availability, data handling and security protocols during multiple workshops. That input is contained in an extensive Working Group Report which was filed on July 10th at the CPUC.³ The stakeholders in the Energy Data Center proceeding have spent months examining many of the Key Initiatives outline in NR 1.1. Therefore, the final outcome of that proceeding should be used as the basis for developing the data requirements and infrastructure in NR 1.1.

NR1.4: The Draft Plan’s objective to develop a highly skilled and well-trained workforce to meet the various needs of the programs is consistent with the IOU’s Statewide Workforce Education and Training program objective. However, one of the key elements to making this successful is the creation of a mechanism that would not only train and educate this workforce but would also match this trained workforce with potential employers. This would lead to actual and more effective job creation. The Joint Utilities recommend that the Draft Plan include job matching/placement initiatives to create both job demand and encourage more students and currently unemployed/underemployed people to enter “green” careers.

NR2.1: Through the existing statewide Codes & Standards program, Workforce Education & Training program, and New Construction programs, Local Government Partnerships and other programs, the Joint Utilities currently support this key strategy of increased code compliance through their education and training of contractors, building officials, customers, etc. of the various CA building and appliance codes and the

³ “Working Group Report Pursuant to February 27, 2013 Administrative Law Judge’s Ruling” filed on July 10, 2013 in R. 08-12-009 before the Public Utilities Commission of the State of California.

benefits of their implementation. The Joint Utilities look forward to continuing our work with the CEC, local government agencies, contractor and trade associations and other stakeholders to enhance these programs to improve the understanding of the various codes leading to improved compliance rates.

2. Voluntary Pathways

VP1.1: The Joint Utilities support the Draft Plan’s recommendation to allow programs to create multiple pathways to participate in EE programs including single measure, multiple measures, or deep upgrades. This recognizes that not all customers are prepared to engage in full-blown efforts at any single point in time but allows them to: (1) experience the benefits from smaller efforts, thus encouraging them to seek more; (2) project plan over a longer horizon to allow for a phased-in approach towards a deeper retrofit; and (3) plan financially so that they can install the optimal EE solution. The Joint Utilities also recommend that program participation not be constrained by artificial short-term “program cycles” that do not coincide with customer planning horizons, particularly for deeper upgrades which could span several years.

VP5: The Joint Utilities encourage consideration of water-energy nexus upgrades (e.g., landscaping water improvements, water efficiency equipment, etc.) as part of the property valuation.

VP6: The Joint Utilities noted above that significant funding will be required to achieve the goals of AB 758. The inclusion of additional financing options made available to customers with opportunities to improve the efficiency of their facilities provides for additional source of program funding, in addition to the traditional program rebates and incentives. The Joint Utilities created and offered a Zero Interest Loan vehicle through an On-Bill Financing mechanism to help customers make EE upgrades at their facilities since the 2006-2008 EE program cycle through today.

At present, the Joint Utilities’ are currently working to expand statewide financing opportunities for customers with EE projects, through other third party offerings. The CPUC has issued a proposed decision that will approve the IOUs various financing pilots.⁴ The Joint Utilities urge the CEC and all interested stakeholders to engage in the CPUC’s EE proceeding to avoid duplicative efforts and customer confusion. The Joint Utilities also note that “interest rate buy-down” programs are expensive and unsustainable and should not be part of a robust financing effort. Most credit enhancements are now based on the potential to re-use the funds (e.g. loan-loss reserves).

3. Potential Mandatory Approaches

The Joint Utilities appreciate the Draft Plan’s cautionary approach to requiring mandatory disclosures of energy use and various energy ratings. The Joint Utilities offer the following considerations for these approaches:

1. Although these disclosures are not mandatory at this stage, the development of the tools, ratings, etc. should consider that release of particular information from these tools may become mandatory in the future. As such, it would be more effective to identify the specific information that may be required so that the development of the tools, ratings, etc. will ensure that the software will provide easily accessible data in understandable and simple formats.
2. To encourage voluntary sharing of this information, it is critical that the market place recognize the value in this energy efficiency information and that it becomes a significant criterion when a customer is making decision to purchase a home or lease commercial space.
3. To achieve Item 2 above, the success of VP 5: Energy Efficiency in Property Valuation is critical. The cooperation and buy-in of all the identified stakeholders is imperative to support

⁴ Proposed “Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs” in A.12-07-001 et.al, June 25, 2013 available on <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M068/K703/68703751.PDF>.

the creation of a voluntary, yet recognized, “industry” standard and practice that customers and stakeholders can rely on.

4. It is necessary to balance the need for customer data for analysis, evaluation, and program development with the need for customer privacy and appropriate data security protocols.

Conclusion

The Joint Utilities recognize and appreciate the leadership of the CEC and the efforts of all stakeholders towards the development of a comprehensive plan to successfully implement AB 758. The Joint Utilities look forward to continuing their participation in the implementation and refinement of the Plan.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitch Mitchell". The signature is written in a cursive style with a large, stylized "M" at the beginning.