BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	Rulemaking 13-11-005 (Filed November 14, 2013)

PREHEARING CONFERENCE STATEMENT
OF THE
NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES

Donald Gilligan
President

NAESCO
1615 M Street NW
Washington, DC 20036
Phone: 978-740-8820
E-mail: dgilligan@naesco.org

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The National Association of Energy Service Companies (NAESCO) appreciates the opportunity to submit these comments in response to the *Notice of Prehearing Conference and Administrative Law Judge's Ruling* (*ALJ Ruling*), issued November 27, 2013, in this proceeding.

Introduction to NAESCO

NAESCO is the leading national trade association of the energy services industry. NAESCO numbers among its members some of the world's leading energy services companies, including: ABM Energy, AECOM Energy, Aireko Energy Solutions, Ameresco, Burns & McDonnell, CM3 Building Solutions, Chevron Energy Solutions, Clark Energy Group, ClearEnergy Contracting, Climatec, Comfort Systems USA EnergyServices, ConEdison *Solutions*, Constellation New Energy, Control Technologies and Solutions, CTI Energy Services, Eaton Corporation, Energy Control, Energy Solutions Professionals, Energy Systems Group, Excel Energy, The Fulcrum Group, NextEra Energy Solutions, Green Campus Partners, Honeywell, Johnson Controls, M360, McClure Energy, Navitas, NORESCO, NXEGEN, Onsite Energy, Pepco Energy Services, Performance Services, Schneider Electric, Siemens Industry, Synergy Companies, Southland Industries, Trane, UCONS, Wendel Energy Services, and Wipro Limited. Utility members include the New York Power Authority, Pacific Gas & Electric, and Southern California Edison.

During the last twenty years, NAESCO member companies have delivered several billion dollars worth of energy efficiency, renewable energy and distributed generation projects to California commercial, institutional, industrial and residential customers. Nationally, NAESCO member company projects have produced:

- $45 billion in projects paid from savings
- $50 billion in savings – guaranteed and verified
- 400,000 person-years of direct employment
- $30 billion of infrastructure improvements in public facilities
- 450 million tons of CO2 savings at no additional cost

In addition, NAESCO has been a party to the Commission's various energy efficiency proceedings for the past fifteen years.

Summary of Comments

NAESCO supports the comments of The Utility Reform Network (TURN) that are being filed in this matter, and emphasizes the importance, from the standpoint of program implementers, of the recommendations that TURN makes with respect to the form and duration of implementer contracts for 2015 and subsequent years (TURN at 2-4). In its OIR, the Commission has endorsed the concept of moving to long-term program cycles. That move should not start by compelling program administrators and program implementers to negotiate two contracts within a single program year.

In addition, NAESCO offers the following comments on the form and content of the Administrators' Filings for 2015 programs.

1) The Commission should clarify that unspent funding from 2013 and 2014 can be used in 2015 programs.

2) Program administrators should be granted increased flexibility in their 2015 filing to consolidate the funding that is now disaggregated into separate programs and sub-programs into larger program buckets in order to facilitate timely and effective expenditure of energy efficiency funds collected from ratepayers.

3) Program administrators should be encouraged to use the unspent funding and increased flexibility to expand the competitive procurement of new programs, a part of their portfolios that is currently woefully underfunded.

4) Program administrators should be encouraged by the Commission to propose policy changes related to the implementation of Title 24, and file programs for 2015 that incorporate incentives for "to code" retrofits to existing buildings as well as the current programs that provide incentives for "above code" retrofits.

Discussion

NAESCO offers the following rationale for its comments.

1) The Commission should clarify that unspent funding from 2013 and 2014 can be used in 2015 programs.

NAESCO has noted, in its discussions with program administrators, that they do not believe they have the clear authority to use unspent funds from 2013 and 2014 programs in 2015 programs. Given this situation, NAESCO believes that the Commission should clarify that program administrators should roll over unspent funds into 2015 programs.

2) Program administrators should be granted increased flexibility in their 2015 filing to consolidate the funding that is now disaggregated into separate programs and sub-programs into larger program buckets in order to facilitate timely and effective expenditure of energy efficiency funds collected from ratepayers.

California's ratepayer-funded energy efficiency programs have had unspent funds in every program cycle for at least the last decade. The current process for re-purposing these funds from programs that are not meeting their targets to programs that are meeting targets and have exhausted their budgets is cumbersome and time-consuming. Consolidating programs and sub-programs into larger "buckets," and granting administrators the authority to shift funds between program in these buckets, will enable program administrators to more quickly meet demand, thus fulfilling the Commission's goal to make program portfolios more responsive to the market (OIR at 20).

3) Program administrators should be encouraged to use the unspent funding and increased flexibility in their 2015 portfolios to expand the competitive procurement of new programs, a part of their portfolios that is currently woefully underfunded.

The IOUs have done a good job during 2013 of structuring a process (IDEAA 365) that surfaces innovative program proposals from third parties. Unfortunately, at the end of the process, there is a paltry pot of money to actually fund new programs. NAESCO suggests that the Commission should direct the program administrators to use the unspent 2013 and 2014 funding as well as their increased flexibility (discussed above) to increase the funding for innovative programs in 2015.

4) Program administrators should be encouraged by the Commission to propose policy changes related to the implementation of Title 24, and to file programs for 2015 that incorporate incentives for "to code" retrofits to existing buildings as well as the current programs that provide incentives for "above code" retrofits.

The Commission has recognized that the legal obligation for building owners and homeowners, when they undertake substantial renovations or retrofits, to bring buildings up to the ever-increasing standards of Title 24 has led many owners to indefinitely postpone cost-effective retrofits (OIR at 23-24). NAESCO has suggested in its comments in previous proceedings that the Commission policy of using Title 24 (or "industry standard practice"), rather than actual field conditions, as the baseline for calculating energy savings and incentive payments is inhibiting California's drive to implement all cost-effective energy efficiency in buildings. The Commission has begun to address this problem with the residential HVAC pilot cited in the OIR. We suggest that the Commission encourage program administrators, in their 2015 applications, to propose policy changes related to the implementation of Title 24, including, but not limited to, proposals for additional "to code" pilot programs, proposals related to appropriate baselines for savings calculations, and proposals for any required modifications to goals/potential as a result of Title 24 implementation , so that the Commission can get a broader view of potential solutions to the problem that it has identified sooner rather than later.

Conclusion

NAESCO supports the comments of TURN in this matter and urges the Commission to adopt the following additional suggestions on the form and content of the Administrators' Filings for 2015 programs.

1) The Commission should clarify that unspent funding from 2013 and 2014 can be used in 2015 programs.

2) Program administrators should be granted increased flexibility in their 2015 filing to consolidate the funding that is now disaggregated into separate programs and sub-programs into larger program buckets in order to facilitate timely and effective expenditure of energy efficiency funds collected from ratepayers.

3) Program administrators should be encouraged to use the unspent funding and increased flexibility to expand the competitive procurement of new programs, a part of their portfolios that is currently woefully underfunded.

4) Program administrators should be encouraged by the Commission to propose policy changes related to the implementation of Title 24, and file programs for 2015 that incorporate incentives for "to code" retrofits to existing buildings as well as the current programs that provide incentives for "above code" retrofits.

Respectfully submitted by,

Donald Gilligan, President
NAESCO
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Washington, DC 20036
Phone: 978-740-8820
E-mail: dgilligan@naesco.org
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