

# Comments on San Diego Gas & Electric's Draft Business Plan

*Submitted by: Center for Sustainable Energy*

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*RULEMAKING R.13-11-005, Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.*

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*Prepared for*

California Energy Efficiency Coordinating Committee (CAEECC)

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# Contents

- I. Introduction ..... 3
- II. Commercial Sector ..... 4
- III. Residential Sector ..... 6
- IV. Codes and Standards Sector ..... 8
- V. Finance Sector ..... 8
- VI. Emerging Technology Sector ..... 9
- VII. Public Sector ..... 9

# I. Introduction

As a mission-driven nonprofit organization, the Center for Sustainable Energy works with policymakers, regulators, public agencies and business as an expert implementation partner and trusted information resource. We help drive the adoption of clean, sustainable energy solutions.



### **Energy Programs**

CSE designs and implements market development programs and provides policy guidance on future investments.



### **Public Sector Services**

CSE provides sustainable energy planning assistance for local/ regional/ national governments, agencies and organizations.



### **Workforce Training**

CSE provides community education, professional training on energy codes, standards and best practices.

## II. Commercial Sector

### Overarching Commercial Sector Feedback:

- While the commercial sector includes large, medium, and small commercial buildings, CSE encourages all PAs to empower building owners, of all sizes, to more effectively manage the energy of their buildings. CSE feels there are complementary roles to play among the PAs serving owners in the same territory, specific to building size and customized tools for a specific building subset (e.g., if BayREN and MCE are to focus on the smaller buildings, then how can PG&E's offerings support medium and larger buildings).
  - In particular, large commercial building owners (and large portfolio owners) are already quite sophisticated when it comes to energy management, so the focus becomes how to continue to engage with them effectively to: 1) get persistent savings; and 2) share their stories of success with medium and small business owners.
- As much as PAs are equipped to do so, and CSE would argue that PAs are uniquely equipped (the IOUs in particular), business plans should align with the market as it relates to energy efficiency in the commercial sector. The commercial sector craves standardization and continuity. As such, the business plans play an integral role in laying the groundwork for and enabling continued participation by the commercial sector in improving energy efficiency in their buildings.
  - CSE encourages all of the PAs to engage CRE stakeholders (BOMA, IREM, USGBC) more regularly and uniformly, so as to better understand the needs and opportunities of the commercial sector in improving building performance.
- While numerous business plans touched on AB 802 specific to efficiency standards, few plans elevated the importance of and opportunity in the state's [new benchmarking program](#).
  - The forthcoming statewide benchmarking program has an unprecedented opportunity to weave together building-level information with business plan goals for the commercial and multifamily sectors.
  - The IOUs should create online benchmarking portals allowing them to provide and collect building information; an even more robust data set can be accessed when using Portfolio Manager Web Services as utilities can pull building profile information back from Portfolio Manager submissions.
  - The implementation of the new benchmarking program will require commercial and multifamily buildings (larger than 50,000 sq. ft. according to current draft regulations) to benchmark their buildings. This act, to happen annually, will foster an already growing industry practice to track building performance. Business plans can best serve the commercial sector by not duplicating program offerings, but rather making sure key services (i.e., audits) can be accessed statewide.

- While there will be statewide programs for the commercial sector specific to HVAC (up/midstream) and Savings by Design, CSE strongly encourages PAs and the Commission to consider additional statewide coordination in working with commercial buildings. CSE feels that PG&E included several excellent ideas for engaging commercial owners [e.g., complementing energy audits with project development assistance and partnering with large customers to develop long-term strategic energy management plans. (Pg. 26)], and CSE would like to see those offerings implemented throughout the state. CSE is disappointed that PAs did not choose downstream pilots, such as the Commercial Energy Advisor, as suggested in D.16-08-019.
- CSE was encouraged that several business plans incorporated ideas for elevating the tie between energy efficiency in buildings and grid reliability. In particular, SCE wrote about its IDSM Grid Reliability Rapid Response Pilot, where “this pilot will supply a rapid response set of EE, DR, Solar, and IDSM solutions to help alleviate grid restraints” (Pg. 24). Given the recently published Phase III scoping memo and mention of “locational targeting or sourcing of energy efficiency”, it certainly seems that business plans looking to incorporate and emphasize this strategy are correctly anticipating the strength of these pilots and the potential for scalability.

#### Specific Comments:

1. **Pg. 42**, “Creating an online platform that can simplify the participation in programs will create an improved customer experience”.
  - Will this be a new platform or modifications to something existing?
2. **Pg. 50**, “2024, lighting will remain the largest potential in the commercial sector in SDG&E’s service territory”.
  - While SDG&E is the assigned statewide lead for Lighting Innovation and Lighting MT, CSE encourages SDG&E to focus on more than just the potential of lighting. Buildings are a unique asset that should be seen as an overall system and must be treated as such. In particular, audits, strategic energy management, and plug loads should be prioritized for the commercial sector.
3. **Pg. 55**, “This creates a “three-legged stool” from a targeting perspective. SDG&E will need to target property owners of small commercial spaces, the tenants of those leased spaces and the contractors and vendors that service them”.
  - CSE supports this framework for engaging owners, tenants, and contractors. CSE encourages SDG&E to refer to DOE’s [Green Lease Library](#) as well as the newly launched [Landlord-Tenant partnership](#) for guidance on tailoring outreach.

### III. Residential Sector

1. While **Pg. 32** makes mention of realtor education, the SDG&E Business Plan does not mention more specific real estate initiatives, such as greening the MLS. For a large push towards energy efficiency in the residential sector, point-of-sale upgrades should be incorporated into all of the PAs' business plans for the residential sector. In raising awareness of the energy consumption of a home, more prospective buyers (and sellers) will come to see energy consumption information as integral to the overall value of the home. Furthermore, prospective homebuyers may be more willing to take on additional debt in the form of financed upgrades (EE home loans, GoGreen Financing, etc.) as they desire a home that is energy efficient.
2. **Pg. 16**, "Solar and electric vehicle (EV) adoption is increasing which leads to less predictable energy usage characteristics. There will be a need for better segmentation to leverage and personalize the recommendations for this diverse customer base."
  - While CSE agrees the residential landscape is changing with respect to more homes with solar panels and electric vehicles, CSE feels this is more an opportunity for SDG&E to engage "prosumers" and less of a barrier. CSE feels there are actually more predictable energy use characteristics for home with solar and electric vehicles.
3. **Pg. 21**, "Overall, the sector will experience an increase in consumption and a decrease in savings potential due to the market transformational effects of code changes and appliance standards."
  - CSE requests additional clarification of the above statement. While more stringent codes and standards could reduce the cost-effectiveness of energy efficient technologies, why is there an assumed increase in consumption?
4. **Pg. 24**, "In support of the Residential Zero Net Energy Action Plan, SDG&E intends to develop a common pathway to support customers on their journey to ZNE. This web portal may include a variety of features."
  - Will data from customer interactions via the portal be available to implementers?
5. **Pg. 27**, "Provide education through the audit tool capabilities. Customers will be directed to complete an audit/energy efficiency survey that will not only provide energy efficiency recommendations but also provide information on other resources available for a whole home approach. By making customers aware of utility rebates and efficient appliances, customers will have the knowledge and tools to adopt energy efficiency into their lifestyle, make smarter purchases, and ideally continue to make smart energy choices in their home in the future."
  - CSE agrees that access to online "at a glance" tools for homeowners are helpful but only really impactful if such tools provide meaningful recommendations beyond the "low hanging fruit" category of LEDs and power strips.

6. **Pg. 30**, “The first step in this process is to benchmark a portfolio of properties to identify properties with the highest energy use index. The next step would be for a percentage of buildings to perform a comprehensive audit to identify Integrated Demand Side Management (IDSM) opportunities that could be included as part of a whole building package. As outlined in the previous section, SDG&E’s efforts towards a multifamily single point of contact would assist property owners in the completion of the benchmarking process and audit completion. SDG&E would also help with tracking of improvements through a portal available to property owners, property managers and other designees.”
  - CSE supports this customized approach in working with the multifamily sector. SDG&E writes about the importance of benchmarking as the first step in the process. While SDG&E intends to have a “single point of contact” in working with multifamily portfolios, the business plan fails to mention the importance of whole-building data access in order to benchmark. CSE asks that SDG&E provide additional information on how an online benchmarking portal (as recommended by the Energy Commission) can help SDG&E assist its multifamily customers as described above.
  
7. **Pg. 32**, “Utilize new approaches for contractors to achieve deeper savings, such as pay for performance.”
  - CSE supports this proposed tactic but cautions that in order to be successful, this program needs to be easily accessible for contractors. Contractors are extremely busy and will not participate in programs that are cumbersome in which to enroll or participate. CSE recommends working with a small advisory board of contractors to create a program that is well-suited for the needs of that community. Ultimately, a successful program for contractors will be a win for SDG&E as it pertains to the robustness of its programming and ability to achieve its energy efficiency goals.

## IV. Codes and Standards Sector

*Please refer to CSE comments on the PG&E Codes & Standards Sector chapter, as PG&E is the overall assigned statewide lead for Codes & Standards.*

## V. Finance Sector

### **Overarching Finance Sector Feedback:**

1. CSE wants to underscore the importance of a concierge or coach when it comes to financing. Regardless of the quantity of financial product offerings, if there are not consistent resources or points of contact to help customers learn about and understand how different financial offerings are best suited for their needs, then uptake of energy efficiency financing (regardless of quality) may suffer.
2. CSE encourages all PAs to include more information on how they will plan to integrate financing into their portfolios broadly and on how they intend to allocate money to better fund marketing, education, and outreach. Furthermore, CSE encourages all PAs to pair with that information regarding how energy savings associated with financing can be tracked and claimed toward goals.
3. CSE wonders why there is no mention of leveraging Go Green Financing resources. Moreover, CSE finds it problematic that there is no mention of the REEL Financing Program or integrating a financing message into overall program design. Market research has shown that financing cannot be successfully promoted as a stand alone effort; rather, it must be part of the consumer engagement strategy for energy efficiency program participation. States that have had successful uptake in financing have had an interwoven strategy promoting energy efficiency concept benefits with incentives and financing solutions in a way that customers could best achieve their objectives for accessing energy efficiency improvements.



## VI. Emerging Technology Sector

*Please refer to CSE comments on the SCE ETP chapter, as SCE is the assigned statewide lead for Emerging Technologies (Electric ET).*

## VII. Public Sector

### Overarching Public Sector Feedback:

- There is not enough detail in any of the business plans about how to tackle the hurdle of master meters and submeters or how aggregated data will be able to be broken out for analysis. To effectively benchmark a property today, Portfolio Manager requires the input of monthly, whole-building data. The majority of public sector customers do not have building-specific meters, but rather, they have a master meter with submeters. This meter set-up does not give facility managers a clear picture of where energy intensity is highest. For example, a city property may be metered with the street lights around it. As such, it can be very difficult for these public sector customers to determine where energy efficiency measures would be most useful. To address this situation, PAs can offer intensive Portfolio Manager training as well as offer onsite experts at complex public sector sites. Furthermore, PAs can help public sector customers understand their options for other meter configurations or data analytics.
- All IOUs include the need for more robust energy management systems for the public sector in their business plans. While public sector properties would certainly benefit from access to energy management software and its analysis, there also needs to be a process in place for creating an institutional culture around energy management. The strategy to offer more energy management tools to public sector customers should be thoughtfully considered so as not to have possible stranded benefits in the years to come.

### Specific Comments:

1. **Pg. 91**, “The whole building, meter-based approach to energy efficiency emphasizes comprehensive retrofits and is in line with California’s Error! Reference source not found.”
  - Please fix the “Error! Reference source not found” as CSE does not know to what SDG&E is attempting to refer in its statement. While the section refers to a meter-based approach to improving energy efficiency in public buildings, CSE would like to call out that there has been a longstanding issue accessing data (both whole-building and more granular), and CSE requests SDG&E address more specifically its solutions for data

access and how it might be bolstered by a meter-based approach, i.e., what will this mean for a public sector buildings in their day-to-day?

2. **Pg. 92**, “SDG&E will pursue modifications to its existing OBF program rules to enable larger, more comprehensive projects to be funded. Examples of these modifications include increasing the maximum simple payback and increasing the loan limit per meter.”
  - Is it possible to expand the CHEEF program (statewide financing option) to public entities?

## VIII. Workforce Education and Training Sector

### Overarching WE&T Sector Feedback:

- While PG&E is the assigned statewide program administrator for WE&T specific to K-12 Connections and Career and Workforce Readiness, local WE&T efforts, as proposed in other plans, do not focus on similar elements for outreach and engagement, making it very difficult to compare and understand how the different WE&T offerings in IOU territories will complement one another.

### Specific Comments:

1. **Pg. 176**, “The Past, Present, and Future of Workforce Education & Training” infographic.
  - CSE supports the inclusion of the points that “trade professionals will shift focus from single end uses to comprehensive approach” and “market actors need to be able to sell value propositions of EE to customers” in the WE&T infographic. CSE feels these to be two particularly salient points about the future of WE&T.
2. **Pg. 181**, “It is not just incumbent workers that need training and education, but decision makers and end-users that need education.”
  - CSE asks that SDG&E define decision maker as referenced in the context above.
3. **Pg. 196**, “Just as decision makers need to understand the value proposition of EE, Market Actors must understand how to effectively position and sell it. This will help realize energy efficiency potential, increase their value, and continue to drive business opportunities for them. This education involves not only selling, but being able to bid and manage work. If contractors can sell EE as an investment, contractors will win customer Business.”

- CSE appreciates that SDG&E focused on the need for end-user education and the need to help market actors with selling and soft skills (in addition to technical training). We feel these are important points that are missing from PG&E’s WE&T sector plan.
4. **Pg. 196**, “Educate decision makers on the value proposition of energy efficiency and hiring skilled workers to implement projects.”
- Many of the tactics listed under the goals start with “educate.” CSE feels that the term is too vague, i.e., *how* will SDG&E “educate” the various target audiences?



## Center for Sustainable Energy®

As a mission-driven nonprofit organization, CSE works with energy policymakers, regulators, public agencies and businesses as an expert implementation partner and trusted information resource. Together, we are the catalysts for sustainable energy market development and transformation.

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