

**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)**

**COMMENTS OF THE
NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES
ON THE
RULING OF THE ADMINISTRATIVE
LAW JUDGE SEEKING COMMENT ON EVALUATION,
MEASUREMENT AND VERIFICATION AND ENERGY SAVINGS
PERFORMANCE INCENTIVE ISSUES**

June 24, 2016

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NAESCO is pleased to respond to the June 8, 2016 Ruling of Administrative Law Judge Fitch (Ruling), which seeks comment on Evaluation, Measurement and Verification (EM&V) and Energy Savings Performance Incentive issues. NAESCO is active in many jurisdictions throughout the United States and has broad experiences with EM&V practices.

NAESCO believes that the recommendations in the White Paper attached to Ruling are premature. The Assigned Commissioner and ALJ in R.13-11-005 issued a wide ranging ruling on fundamental energy efficiency portfolio and program administration and implementation issues on May 24, 2017. Comments were due on June 17, and reply comments on July 1, one week after the due date for these comments. It is our understanding that the Commission will issue a decision addressing issues raised in the May 24th ruling sometime later this summer. Any changes to EM&V should be addressed only after the basic structure of the rolling portfolio has been established by the Commission in that upcoming decision. The Ruling correctly notes that

both the current EM&V regime and the Energy Savings Performance Incentive (ESPI) mechanism predate the rolling portfolio structure. They should both be reevaluated in light of the Commission's new vision for implementing energy efficiency.

In the meantime, the Commission is facing a September 1 deadline to adopt an approach to EM&V that fulfills the mandates of AB 802 – re-setting the savings baseline to existing conditions (replacing the Title 24 and Industrial Standard Practice baselines) and using meter data to verify savings. NAESCO urges the Commission to quickly issue rules for the new EM&V approaches. We think that such rules can be quickly implemented in the industrial, large commercial and institutional market segments, because projects in these segments either already utilize or can immediately utilize the International Performance Measurement and Verification Protocol (IPMVP), which has been recognized as valid by the Energy Division and the Federal Energy Management Program (FEMP).

NAESCO offers the following additional comments for the ALJ's consideration:

- The overall EM&V budget should not be set using an arbitrary percentage. Rather, based on the structure of the energy efficiency portfolio, the Commission should do a zero-based “bottoms up” analysis of EM&V needs and set the overall budget accordingly. NAESCO thinks, for example, that the EM&V approach mandated by AB 802 should substantially reduce EM&V costs for major portions of the EE portfolio, by eliminating the need for complex, multi-year interpretive studies of savings results.
- The Commission has established a California Energy Efficiency Coordinating Committee (Committee) as a forum for stakeholders to address energy efficiency issues. That Committee has several subcommittees. The Commission should direct the Committee to create an EM&V subcommittee to address the issues raised in the Ruling and the attached whitepaper. Under the extremely conservative assumption that energy efficiency spending does not increase over the near future, EM&V expenditures could reach over \$500 million over the next 10 years if the suggested 5 percent spending target were adopted. That is a greater expenditure than that of many programs, and EM&V surely merits its own subcommittee.

- This new subcommittee can review the state's recent experience with EM&V studies in terms of dollars spent, time required for studies, and timeliness and usefulness of results.
- The Commission should review EM&V best practices in other jurisdictions to explore ways to make EM&V studies more effective for ratepayers in California, by understanding, for example, how these other jurisdictions manage to produce more timely reports at a lower cost than California.
- The Commission should consider hiring a firm with national and international experience in EM&V to advise it on ways to increase ratepayer and program benefits from EM&V expenditures. This would require a very modest investment to increase the benefits of the hundreds of millions of dollars that will be spent on EM&V.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read 'Donald Gilligan', with a long horizontal stroke extending to the right.

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