



Themes and Timing of the Post-2014 EE Portfolio Approval Process



California Public Utilities Commission

Energy Division

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Guidance and Budget Decision Timing

- Planning for post-2014 funding cycle will begin this summer
- Expected milestones:*
 - “Guidance decision” in by the end of 2013
 - Applications filed in 2014
 - “Budget decision” before the end of 2014

**** These are staff best estimates. The OIR (Order Instituting Rulemaking) for post-2014 planning has not yet begun.***

**** The assigned ALJ (Todd Edmister) and Commissioner (Mark Ferron) will determine the actual scope and timing.***





Potential New Policies and Procedures

that may find their way into the

Guidance Decision

- Assigned Commissioner Ferron has signaled an interest in a **“rolling portfolio cycle”** approach
- A Feb. 25, 2013 CPUC-CEC-CAISO letter to State Senators Padilla and Fuller committed to investigating **longer-term EE funding authorizations**
- **Objective is to:**
 - Mitigate detrimental and inefficient impacts of “start-stop” dynamic in the market place
 - Reduce uncertainty in transmission and procurement planning
- Staff expects any such process would include **ongoing portfolio updates** (by application or advice letter) to incorporate **“best available information”** from **EM&V**





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Guidance Decision

- Interagency letter to Senators Padilla and Fuller also highlights interagency efforts to **focus EE programs to serve grid reliability needs** in local reliability areas and specific times of day

Staff expects the post-2014 EE planning proceeding to examine ways to address these grid reliability needs,

potentially including:

- Modifying cost-effectiveness methods to value locational / flexibility attributes
- Program design / delivery specifically targeted to transmission constrained areas (e.g., increased marketing & outreach, higher incentive offerings, direct install, etc.)





Main themes that are expected to shape the process going into 2015:

Current Commission policy direction

- a) Emphasis on deep savings and deep retrofits
- b) Emphasis on addressing the water-energy nexus
- c) Emphasis on addressing extreme climate zones
- d) Transition existing RENs from pilots to cost-effective (TRC>1.0) programs / portfolios





Main themes that are expected to shape the process going into 2015:

Other policy direction

- a) **AB 32** – Global Warming Solutions Act
- b) **California Long-Term EE Strategic Plan**
- c) **AB 758** – Retrofit California's existing residential and commercial building stock for energy efficiency
- d) **Prop. 39** – \$330 million to retrofit K-12 (primarily) and community college buildings





Main themes that are expected to shape the process going into 2015:

Guiding Principles

- a) Pursue strategic priorities within cost-effectiveness constraints
- b) Address both residential and non-residential sectors
- c) Promote statewide consistency, as appropriate and practicable
- d) Ensure fiscal responsibility and good stewardship of ratepayer dollars





Main themes that are expected to shape the process going into 2015:

Process Constraints

- a) Formal Process
- b) Cost-effectiveness parameters
- c) State policy
- d) Regional Energy Networks





How to Weigh In on the Process Submitting Comments

ED is soliciting comment and input from stakeholders.

Now -- before the proceeding has opened -- is an opportune time to begin sharing your views with CPUC staff, the IOUs, and interested parties.





How to Weigh In on the Process Submitting Comments

There are numerous opportunities:

- Engage with ED staff informally
- Form coalitions to submit joint proposals
- File formal comments once the proceedings have opened
- Comment on proposed decisions (Guidance Decision, Budget Application Decision) prior to final adoption





Recent Themes Communicated by Local Governments to Energy Division Staff:

- **Recognize differences in LG capabilities.** Ensure that smaller jurisdictions can compete and maintain their partnerships.
- **More direct communication with LGPs.** ED is available to hear from LGs and learn of their experience. ED has been engaging under-served LGs, travelling to those communities to meet with the staff who represent those LGs' energy action and climate change efforts.





Recent Themes Communicated by Local Governments to Energy Division Staff:

Empowered local capability and know how.

- Local Governments have signaled a desire to move toward a model that would allow the EE projects that they market to be installed by a local contractor.
- LGs indicate that local knowledge may prove beneficial to targeting their communities' next hard-to-reach market segment. LGs indicate that reliance on local contractors will keep EE dollars spent circulating in their community.
- LGs have expressed a desire for greater responsiveness from the contractors who are awarded operations in their jurisdictions.





Thoughts on Post-2014 LGP Program Directions?

- **Group Brainstorm / Discussion...**





Possible Post-2014 LGP Program Direction: Preliminary Staff Thoughts for Discussion

- **Demonstrate efficiency and effectiveness.** Minimize administrative “overhead,” while effectively targeting savings potential in local communities.
- **Continual improvement.** May 2012 guidance decision signaled a preference for deep retrofit energy savings opportunities, as a criteria for funding increases.
- **Graduated partnership tiers.** Increased opportunities for high-performing partnerships, with qualified funding levels tied to capability and track record of success.





Possible Post-2014 LGP Program Direction: Preliminary Staff Thoughts for Discussion

- **Greater statewide consistency.** Staff sees potential benefit to shifting toward an approach that values more consistent and generally-accepted practices. But when does statewide consistency make sense? When not?
- **Partnering to enhance code compliance enforcement.** This is a major theme in the CEC's draft AB 758 plan. Staff welcomes a conversation towards viable solutions to address code compliance issues.





Possible Post-2014 LGP Program Direction: Preliminary Staff Thoughts for Discussion

- **Leverage local comparative advantage.**
The previous Decision identified a new priority for targeting extreme climate zones and hard-to-reach under-served populations. Staff welcomes ideas and discussion on this theme.





Energy Division

Conclusion

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Thank you

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