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Energy Division Tariff Unit  
 California Public Utilities Commission  
 505 Van Ness Avenue, 4th Floor  
 San Francisco, CA 94102

**Re: PG&E’s Comments on Advice Letter 1 – Request for Approval of the San Francisco Bay Area Regional Energy Network Program Implementation Plan and Workpapers**

Pacific Gas and Electric Company (PG&E) submits the following comments on Advice Letter (AL) 1 filed by the Association of Bay Area Governments (ABAG) on behalf of the San Francisco Bay Area Regional Energy Network (BayREN ) on January 14, 2013, in compliance with the California Public Utilities Commission’s (CPUC or Commission) 2013-2014 Energy Efficiency Portfolio Decision (D.) 12-11-015 (EE Decision).

The EE Decision authorized \$26,567,750 in EE funding collected from PG&E’s customers for BayREN to implement the following programs:

- Energy Upgrade California Single Family
- Energy Upgrade California Multi-Family
- Single-Family Loan Loss Reserve
- Multi-family Loan Loss Reserve
- Commercial Property Assessed Clean Energy administration and marketing
- Pay As You Save Water Efficiency Pilot
- Codes and Standards

BayREN’s AL includes an Executive Summary (Attachment A) and updated program implementation plan (PIP), including the following budget breakdown:

Single-Family Subprogram	\$9,000,000
Multi-Family Subprogram	\$7,293,750
Codes and Standards Subprogram	\$3,349,000
Financing Subprograms	\$6,925,000
<b>Total Budget</b>	<b>\$26,567,750</b>

BayREN provided updates to its EE budget and savings tables and cost-effectiveness calculators electronically, updated its Logic Model (Attachment C), and provided a matrix that tracks its compliance with the EE Decision (Attachment D).

PG&E has reviewed BayREN's AL and attachments and has identified several issues Energy Division may wish to consider in its review of the AL.

## **1. General**

### **a. Data Security**

BayREN states that it will provide local governments access to customer data (currently constrained or unavailable) necessary for greater expansion of high performance, cost-effective programs (Executive Summary, p. 2); and that the "utility tracking and benchmarking software" will solve utility data tracking issues (PIP, pp. 57-58). BayREN is in discussion with PG&E on how to ensure that BayREN complies with customer confidentiality procedures. Options for BayREN to ensure customer confidentiality include: (1) obtaining the consent of each individual customer whose data would be released to another local government, or (2) entering into a confidentiality agreement with PG&E that meets the privacy and information security requirements applicable to utility programs under the CPUC's privacy rules adopted in D.11-07-056 and D.12-08-045.

### **b. Geographic Scope and Eligibility**

BayREN's PIP lists the climate zones in which its programs may be offered (PIP, p. 18). PG&E suggests that BayREN add a description of the geographic area in the PIP to provide additional clarity.

Also, BayREN should not use ratepayer funds to provide services and incentives to customers whose electricity needs are served by a municipal utility. In cities in the BayREN geographic area where municipal utilities are located, including Alameda and Palo Alto, PG&E only serves gas customers. BayREN's PIP should specify that it will offer only natural gas savings measures in areas where the electric service is provided by a municipal utility.

## **2. Energy Upgrade California – Single Family**

### **a. Home Energy Advisor**

BayREN proposes that PG&E direct its Residential Energy Advisor (referred to by BayREN as Home Energy Advisor) in-home and call center efforts outside of the Bay Area region to ensure as little duplication as possible (PIP, p. 32). PG&E is fully committed to coordinating program delivery with

BayREN to minimize overlap where possible, but it is unreasonable to limit PG&E's Residential Energy Advisor program to exclusively outside of the Bay Area because the services provided in the program extend beyond the scope of the BayREN Home Upgrade Advisor. Additionally, PG&E's Residential Energy Advisor program logic model, including the experimental design of Home Energy Reports, and goals are based on coverage of residential customers throughout the PG&E service area, including those in the Bay Area.

#### **b. Contractor Training**

BayREN's PIP addresses single-family Energy Upgrade California (EUC) specific training requirements (PIP, pp. 38-39). This discussion should be enhanced to more clearly address the customers' requirements to obtain all permits for applicable energy efficiency upgrades, including Heating, Ventilation and Air Conditioning (HVAC) measures. It should also include contractor safety protocols and standards.

The EE Decision directs that "the program shall support appropriate combustion safety testing protocols." (EE Decision, p. 25). BayREN's PIP states that it requires a Combustion Appliance Safety (CAS) test by a Building Performance Institute (BPI) Building Analyst (BA) for project test-out only (PIP, p. 21). This does not comply with the EE Decision because it does not follow the BPI/BA Standard which is vetted and used by the home performance industry for comprehensive home retrofits. The BPI BA standards states that: "[a] preliminary and post-installation safety inspection of all combustion appliances must be completed whenever changes to the building envelope and/or heating system are part of the work scope."<sup>1</sup> PG&E takes the combustion safety issues associated with the EUC program very seriously and believes that BayREN should utilize the BPI BA standards that require test in and test out as necessary combustion safety requirements and protocols. Contractors and Raters in PG&E's service area participating in the EUC program are already trained in the BPI BA safety requirements. BayREN should use EUC contractors approved to work in the EUC program who have training on safety issues.

BayREN's PIP includes a misrepresentation where it states: "PG&E has communicated to BayREN that it may make Energy Upgrade California Single Family Program Contractor Requirements more stringent than under the 2010-2012 program, including requiring a BPI-BA on staff." (PIP, p. 20). PG&E already requires a BPI-BA on staff for Advanced Path contractors; the

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<sup>1</sup> A diagnostic test is distinct from a combustion appliance safety (CAS) test. The diagnostic test is based on determine pre/post conditions for specific measures, whereas the CAS test is for the entire premise.

proposed 2013-2014 requirements are no more stringent than those in 2010-2012. The statement in the PIP should be corrected.

### **3. Energy Upgrade California – Multifamily**

#### **a. Program Referrals**

BayREN states that the Multifamily Technical Assistance (TA) will provide limited information to a customer regarding PG&E's Energy Savings Assistance (ESA) and Multi-Family Energy Efficiency Rebates (MFEER) program, unless the customer's scope, as defined by the TA, is small. The PIP states: "For smaller scopes consisting of individual measures or very limited budgets, TA will refer projects to the PG&E single-point-of-contact for further assessment of eligibility for Multifamily Energy Efficiency Rebates (MFEER), Energy Savings Assistance (ESA), and other PG&E programs. However, these programs do not include all measures that are of interest to building owners, and the incentive levels are based on individual measures, not the overall energy savings that can be achieved by pursuing multiple measures." (PIP, p. 69). PG&E and the BayREN Multifamily Program teams have met and discussed a comprehensive bi-directional referral process that is agreeable to both organizations and is good for customers. PG&E respectively requests that the PIP be updated to reflect this collaborative approach.

### **4. Financing**

#### **a. Fast Track Permitting**

BayREN suggests that projects funded through its EE financing programs should receive "added government incentives such as fast track review and permitting." (PIP, p.155). If fast-track review and permitting is permissible, it should be provided to any customer seeking approval of energy efficiency projects whether offered and/or financed by BayREN, PG&E, or other Commission authorized third-party implementer.

#### **b. Market Characterization and Assessment**

It appears that certain descriptions in the Market Characterization and Assessment section of the Financing Subprogram PIP may be inconsistent with existing Commission direction (PIP, pp. 160-161). For example, the section entitled "Launch regional financing strategies that make Energy Efficiency Affordable and Accessible" should be updated consistent with the requirement that authority to proceed with financing pilot programs is pending a ruling by the Assigned Commissioner approving final pilot designs (EE Decision, OP 22).

The section entitled “Pilot ‘a la carte’ menu-based incentive program” should be updated to be consistent with the requirement that utilities and RENs submit an advice letter proposing a revised PIP for the EUC program by April 1, 2013, to re-design the Basic Path (EE Decision, OP 5).

The section entitled “Increase incentive offerings and conduct research on effectiveness” should be revised to recognize that the Energy Division will be conducting the evaluation, measurement and verification (EM&V) of BayREN’s programs (EE Decision, p. 20).

## **5. Codes and Standards (C&S)**

### **a. Collaboration between BayREN and PG&E C&S Activities**

PG&E sees valuable opportunity to leverage strengths of the utility and of local governments by expanding upon its current statewide C&S activities in a coordinated effort with BayREN. In 2011-2012, the Statewide C&S Team performed an in-depth Building Department Best Practices Study that provides insight into the specific code compliance challenges building departments throughout the state are facing and recommended solutions. Study participants included building departments within BayREN’s territory. PG&E proposes to share the study with BayREN and work with BayREN to identify complementary activities PG&E and BayREN may perform in a coordinated fashion. Also, as PG&E delivers outreach throughout its service territory, it is of value for PG&E and BayREN to coordinate on messaging to ensure that it is consistent and captures best practices. Such activities may include, but not be limited to:

#### Activity 1: Coordinated Implementation of Best Practices Across Entire BayREN

##### PG&E:

- Provide BayREN with best practices study findings and recommendations.
- Provide BayREN with tools and process improvements as a result of the study.

##### BayREN:

- Throughout the region, work with building departments to implement best practices identified by the study.
- Assess effectiveness of tools developed in response to the study by the IOUs and provide feedback to IOUs.

Activity 2: Coordinated Outreach and Incentive Programs

## PG&amp;E:

- Develop communication campaigns and nonmonetary incentive programs and coordinate with BayREN for adaptation to their area and for implementation.

## BayREN:

- Work with City Councils and Building Officials to communicate compliance expectations, and enforcement risks and rewards to Building Departments, Contractors and Home/Building Owners.
- Implement communication campaigns and nonmonetary incentive programs developed and provided with PG&E to encourage desired performance.

Activity 3: Implement New Code Enforcement Tools and Actions

## PG&amp;E:

- Continue working with C&S Program's Compliance Improvement Advisory Group (CIAG), including BayREN members, to develop series of code compliance rewards and consequences for BayREN grassroots implementation.

## BayREN:

- Work with CIAG members to implement code enforcement activities designed to level the playing field for contractors.

Activity 4: Coordinated Training Efforts

## PG&amp;E:

- Coordinate with BayREN to ensure communication materials deliver consistent, repetitive messaging paired with the information delivered in IOU courses.
- Continue delivering training on-site in local jurisdictions to building inspectors, plans examiners, HVAC contractors, lighting installers and designers, and roofing contractors in concert with BayREN.
- Provide BayREN with measure-based factsheets building departments may use to inform contractors of code requirements.

**BayREN:**

- Facilitate training sessions with distinct groups of market actors in the compliance supply chain in order to generate common understanding of code requirements, the compliance process, and how their unique roles and tasks interrelate, such as: combined groups of building inspectors, contractors, and HERS raters.
- Require mandatory code training for key contractors, such as: HVAC, roofing, insulation and nonresidential lighting. (PG&E to develop and deliver the training in concert with the CIAG, and BayREN to drive participation.)
- Work together to develop and deliver training opportunities designed to improve T20 compliance.

**b. C&S Savings**

PG&E requests that BayREN clarify whether it will contribute any new incremental C&S savings. PG&E's C&S savings estimate is based on PG&E's past advocacy work on both building codes and appliance standards. Therefore, PG&E's savings will be realized throughout PG&E's service area irrespective of other organization's compliance improvement activities.

**c. Baselines for EM&V Process**

PG&E requests that BayREN apply the same evaluation protocols and utilize the same baselines as the IOUs. BayREN's proposed activities to establish baselines against which it will claim savings creates an internal conflict of interest and duplicates the EM&V community's comprehensive and publicly vetted efforts to establish these same baselines. In addition, the results are likely to be inconsistent with the utilities' C&S and other energy efficiency programs that use code baselines in their impact evaluations.

The American Council for an Energy-Efficient Economy (ACEEE) recently produced a report in which it identified quantifying compliance rates as a challenge facing the entire nation, and also stated that the methodology developed and used in California is the current "gold standard" for this type of evaluation.<sup>2</sup> The California utilities' C&S savings methodology has been

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<sup>2</sup> Misuriello et al. "Building Energy Code Advancement through Utility Support and Engagement", Report Number A1126, December 2012  
[http://www.aceee.org/publications?pubtype=All&sector=All&field\\_report\\_number\\_value=A126&abstract=&author=&date\\_filter%5Bvalue%5D%5Byear%5D=&date\\_filter%5Bvalue%5D%5Bmonth%5D=0&date\\_filter%5Bvalue%5D%5Bday%5D=0&date\\_filter%5Bvalue%5D%5Bhour%5D=0&date\\_filter%5Bvalue%5D%5Bminute%5D=0&date\\_filter%5Bvalue%5D%5Bsecond%5D=0](http://www.aceee.org/publications?pubtype=All&sector=All&field_report_number_value=A126&abstract=&author=&date_filter%5Bvalue%5D%5Byear%5D=&date_filter%5Bvalue%5D%5Bmonth%5D=0&date_filter%5Bvalue%5D%5Bday%5D=0&date_filter%5Bvalue%5D%5Bhour%5D=0&date_filter%5Bvalue%5D%5Bminute%5D=0&date_filter%5Bvalue%5D%5Bsecond%5D=0)

presented in several public forums, refined and revised based on public input, and has been through extensive review by program evaluation experts. However, BayREN proposes to develop its own methodology for determining a compliance baseline, against which the program will claim savings, rather than using existing EM&V methodology.

There are a number logistical barriers and challenges involved in quantifying code compliance. For example, how will compliance baselines and tracking systems in each of its nine counties address the 100 member cities? How will these tracking systems deal with different mixes of buildings (commercial versus residential), different vintages and sizes of housing stock, economic circumstances, as well as different types and levels of construction activities?

BayREN proposes its own definition of compliance: “complete construction projects conforming to energy codes”, however, there are multiple interpretations of this definition. BayREN indicates it will hire and train consultants to perform on-site audits, but provides no indication of if or how it proposes to adjust the savings estimates based on the field conditions. These questions, along with the bigger issues regarding quantifying codes and standards savings, are already being addressed by a much wider group of experts in the EM&V community.

## 6. Cost Effectiveness Analysis

PG&E has reviewed BayREN’s cost effectiveness analysis and comments on the following issues:

- BayREN provided two sets of rollup E3 calculators, one of which appears to contain the calculations for EUC. However, in both cases the budget does not tie to the approved budget of \$26,567,750 but instead shows \$23,975,750. In addition, the sum of the sub-program E3 calculators (e.g. energy savings, cost effectiveness, levelized costs) does not match the E3s that summarize the portfolio results.
- The BayREN E3 calculators, with the exception of the C&S E3 calculator, use net to gross (NTG) values of 0.85 which is generally used for direct install measures. This value, however, is included in rebates in column M, which represent downstream measures. Column M should instead include the NTG value for the downstream measures.
- Several measures have program type = RET (representing Early Replacement) in Column K of the E3 calculators. If these are early retirement measures, then the second baseline columns should be populated so the cost effectiveness can be calculated correctly.



- Spillover rate of 5 percent is not included in the E3 calculators, which is inconsistent with the EE Decision (OP 37).

## 7. Conclusion

PG&E respectfully requests that BayREN be required to clarify its PIP as discussed above and provide a cost effectiveness analysis consistent with other implementers, as required by the Commission.

Sincerely,

A handwritten signature in cursive script that reads "Brian Cherry /sw".

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cc: Edward Randolph, Director, Energy Division  
Gerald Lahr, Association of Bay Area Governments  
Jody London, Jody London Consulting