

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
Application of San Diego Gas & Electric Company (U 902-M) to adopt Energy Efficiency Rolling Portfolio Business Plan Pursuant to Decision 16-08-019.	Application 17-01-014 (Filed January 17, 2017)
Application of Pacific Gas and Electric Company for Approval of 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget (U 39-M).	Application 17-01-015 (Filed January 17, 2017)
Application of Southern California Gas Company (U 904-G) for adoption of its Energy Efficiency Rolling Portfolio Business Plan and related relief.	Application 17-01-016 (Filed January 17, 2017)
In the matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan.	Application 17-01-017 (Filed January 17, 2017)

**REPLY COMMENTS OF THE  
NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES (NAESCO)  
ON THE ADMINISTRATIVE LAW JUDGES' RULING SEEKING COMMENT ON  
CERTAIN MEASUREMENT AND VERIFICATION ISSUES, INCLUDING FOR THIRD  
PARTY PROGRAMS**

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the National Association of Energy Service Companies (“NAESCO”) hereby submits its reply comments on the May 14, 2018 the “Administrative Law Judges’ Ruling Seeking Comment on Certain Measurement and Verification (M&V) Issues, Including for Third Parties,” dated March 23, 2018 (NMEC Proposed Ruling). NAESCO appreciates the opportunity that the Commission and the staff have given stakeholders to submit multiple comments on the key issues in this proceeding, as well as the opportunity to submit these reply comments.

## Summary of Comments

NAESCO's Reply Comments are summarized as follows:

1. NAESCO supports the comments of kW Engineering that the conflation of NMEC and the custom review process does not meet the requirements of AB 802.

2. NAESCO supports the comments of CLEAResult that the Proposed Decision unnecessarily complicates NMEC and cautions the Commission that California has been unsuccessful in past efforts to replace widely used EE tools with tools customized to the perceived special requirements of California.

## Discussion

NAESCO offers the following arguments in support of its comments.

### **1. NAESCO supports the comments of kW Engineering that the prescription of the custom review process for NMEC does not meet the requirements of AB 802.**

NAESCO believes that the legislature's purpose in enacting AB 802 is to simplify the process of verifying the savings from ratepayer-financed EE projects and to facilitate the reconciliation of these savings with the system load data developed by the California ISO. The Proposed Ruling, by seeking to use the custom review process as a short-term solution while Phase III of the full proceeding develops the long-term M&V protocols, frustrates the legislative intent on both counts. First, the custom review process, as the Commission knows, is so cumbersome and inefficient that it is the subject of a Commission-ordered collaborative re-design, which is at least a year behind schedule. Adding a substantial additional workload to this process seems unreasonable. Second, the custom review process results in a jumble of literally hundreds of often incompatible judgments of Commission staff and consultants in individual project *ex ante* and *ex post* analyses, which are almost impossible to compile into a set of numbers that reconciles to the ISO's load analyses. NAESCO therefore supports the comments of numerous parties that the Commission order that NMEC projects use the HOPPs protocols until the work of Phase III is completed.

### **2. NAESCO supports the comments of CLEAResult that the Proposed Decision unnecessarily complicates NMEC and cautions the Commission that California has been unsuccessful in a past effort to replace a widely used EE tool with one customized to the perceived special requirements of California.**

The Appendix to the Proposed Ruling sets out a procedure for “improving” the use of the IPMVP Option C that is more complicated and less applicable (for lack of the necessary skilled personnel) than the procedure that has been used for two decades to verify the results of tens of billions of dollars’ worth of large, comprehensive EE projects. The Appendix, however, does not offer any cost analysis that justifies the increased complexity and cost of its proposed methodology over the established methodology. The Appendix does not appear to accept the basic premise of the IPMVP – that the savings verification methodology used for measures and projects should be justified on a cost vs. risk basis. The verification options in the IPMVP were developed after years of experience (*e.g.*, metering individual lighting circuits for years) that defined the inherent technical risk in EE measures and applied appropriate verification methodologies (*e.g.*, IPMVP Option A for lighting retrofits).

Furthermore, the Commission appears to be repeating California’s attempt some years ago to replace the US EPA ENERGY STAR Portfolio Manager building benchmarking system with a more accurate, California-specific tool. After a substantial R&D effort, the attempt to replace Portfolio Manager was shelved. And Portfolio Manager is now the tool specified by the CEC for the implementation of the AB 802 benchmarking requirement. But the effort to develop the alternative tool probably set California benchmarking back by several years.

## **Conclusion**

NAESCO urges the Commission to reject the Proposed Ruling’s prescription of the custom review process and the use of the methodology in the Appendix for NMEC projects.

Respectfully submitted by,



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