

California Energy Commission  
Dockets Office, MS-4  
Re: Docket No. 12-EPIC-01  
1516 Ninth Street Sacramento,  
CA 95814-5512  
Docket@energy.ca.gov

California Energy Commission

**DOCKETED**  
**12-EPIC-01**

TN # 66860

AUG 17 2012

To the Commission,

I appreciate the opportunity to provide comments on the Electric Program Investment Charge (EPIC) program. If executed in a cohesive, coordinated and results-oriented framework, EPIC will advance the development and deployment of next generation clean energy technologies, while ensuring the best possible use of ratepayer funds. However, in order to ensure that EPIC provides the highest return on investment of those funds, it is essential that EPIC dollars are spent in a way that adds value, leverages ongoing efforts and coordinates activities across the state. As such, the California Energy Efficiency Strategic Plan must play a central role in EPIC's plans, across the investment categories of applied research, technology demonstration and deployment and market facilitation.

#### **The California Energy Efficiency Strategic Plan**

Published in 2008, the [California Energy Efficiency Strategic Plan](#) (the Strategic Plan or the Plan) is a statewide roadmap of actions (ranging from technologies to policies to behavior change) needed to successfully achieve all cost-effective energy efficiency potential in the state. With energy efficiency one of the largest sources of greenhouse gas (GHG) reductions identified in the AB 32 Scoping Plan, the Plan identifies goals and strategies to deliver the statewide energy efficiency target of at least 32,000 gigawatt hours and 800 million therms by 2020. The Plan, while focused on actions by investor-owned utilities (IOUs), policymakers and market actors, is a framework for the entire state of California to achieve sustained, long-term market transformation and maximum energy savings. As a result the Plan directly and indirectly supports EPIC's identified ratepayer benefits, including enhancing reliability and safety, reducing costs, advancing the loading order, promoting economic development, reducing GHG emissions and supporting clean transportation.

#### **Leveraging the Strategic Plan to Support EPIC**

In nearly every EPIC workshop held over the last few weeks, a broad array of products and practices were identified as potential EPIC beneficiaries. Ranging from home-area networks (HANs) to floating PV, there was an overwhelming variety of suggestions for how to spend EPIC dollars. However, it is easier to spend money than to spend money well. To ensure that EPIC dollars are spent well (which I take to mean the ratepayer benefits listed above, as well as the "mapping" to the IOU value chain identified as operations/market design, generation, transmission and distribution and demand-side management or DSM), the Strategic Plan should be one of EPIC's central organizing resources. Not only is the Strategic Plan CPUC policy, but its breadth and depth of related activities (including action plans and related IOU programs, ranging from ZNE pilots to education and outreach) can and should be of service to achieve EPIC's goals. While both commissions would benefit from a deeper discussion with key Strategic Plan staff and stakeholders, I urge the CEC and the CPUC to leverage the existing

roadmaps, targets and results as a starting point for EPIC activities. A few examples include:

- A [ZNE Roadmap](#), being developed by the IOUs, as a direct outgrowth Strategic Plan direction
- The [HVAC Action Plan](#), which includes an inventory (like all action plans) of current efforts that coordinate/support/contradict the Strategic Plan’s goals
- Advanced technologies inventory and roadmaps—including [lighting](#) and plug loads—that can provide effective starting points to identify complementary efforts for EPIC, reducing duplicity and driving deeper savings
- A range of [action plans](#) (including HVAC, Lighting, Commercial ZNE) that include in-depth timelines and an action-oriented, project management framework for implementation of each Plan chapter sector (serving as market facilitation vehicles)
- The Strategic Plan and it’s [2011 progress report](#) account of barriers, along with goals and potentials studies that helped develop the market transformation strategies in the Plan.

**Leveraging EPIC to Support the Strategic Plan: Cost-Effectiveness v. Long-Term Deeper Savings and ZNE**

Many of the key initiatives identified in the Strategic Plan are implemented through IOU programs; while individual programs are not required to be cost-effective, overall energy efficiency portfolios must be. In many cases, advancing the Strategic Plan will require implementing technologies, demonstrations and other market facilitation activities that may also involve significantly higher upfront cost and fall outside the traditional definitions of cost-effective. While there are policy discussions underway on this topic, there is a pipeline of projects ready for EPIC support that can directly advance the Strategic Plan (such as those mentioned in CIEE’s comments, related to controls and sensors in HVAC and lighting) but do not meet the CPUC’s cost-effectiveness criteria. EPIC can and should “fill in the gaps” in support of the Strategic Plan by enabling programs and initiatives that, while not cost-effective today, have the potential to drive substantial savings in the future (e.g., zero net energy pilot programs).

***The Future of The Strategic Plan and EPIC: CEC + CPUC + ARB***

In addition to the existing, ongoing efforts above that can and should be used to ensure the most effective use of ratepayer dollars, I would like reference to the recently published [Future of the Strategic Plan Report: Opportunities to Advance California’s Path to Zero](#) which includes a specific, step-wise approach to coordinate energy policies and activities across the state, ultimately maximizing ratepayer benefits. The recommendations include:

- (1) Joint CEC-CPUC responsibility for the Strategic Plan
- (2) Institutionalization of funding for Plan implementation
- (3) Establishment of a mission-driven Plan entity.

*The Future of the Plan* (executive summary attached) has been socialized to a large number (approximately 1000) of active stakeholders; these stakeholders (including implementers, agency staff, market actors and industry leaders) have been asked to

provide feedback on the recommendations. Early results have shown that the vast majority of respondents:

- Believe that the Strategic Plan is an important element of state energy policy
- Agree with a 90-day CPUC/CEC/ARB working group to assess Plan status
- Think that additional monies outside of IOU portfolios should be dedicated to the Plan
- Support the establishment of a collaborative body jointly guided by state agencies, utilities and stakeholders focused on achieving the goals of the Plan and realizing all cost-effective energy efficiency in the state.

**Specific Initiatives from *The Future of The Strategic Plan* for EPIC Consideration**

- **Create a 90-day CPUC/CEC/ARB working group to assess and report on Plan status**, including barriers to success and highest leverage/critical path issues, to be used as an EPIC prioritization scheme.
- **Determine the budget needed to achieve Plan goals and align EPIC program spending/RFPs accordingly.** While this may include a cost-effectiveness review, this should include activities such as outreach, stakeholder engagement and policy advocacy.
- **Create a mission-driven Strategic Plan/EPIC advisory board that “looks like the Plan” itself** and is comprised of the array of actors needed to achieve Plan goals—utilities, builders, contractors, researchers, entrepreneurs, bankers, retailers, manufacturers, local governments, environmental organizations and key agencies.

Should EPIC dollars be spent leveraging the suggestions above, California has an unprecedented opportunity to align policies, research and activities in hopes of achieving maximum energy savings. By insisting that the Strategic Plan is at the center of the investments in applied research, technology demonstration and deployment and market facilitation, ratepayers will be well-served by leveraging an existing framework that can help ensure EPIC complements and adds value to the policy and funding priorities of the State of California.

Best,

A handwritten signature in black ink, appearing to read 'Kristina Skierka'.

Kristina Skierka  
President, Energy Initiatives, Inc.  
Energy Foundation Senior Fellow (2009-2011)

# CA | Energy Efficiency Strategic Plan

## THE FUTURE OF THE STRATEGIC PLAN

Opportunities to Advance California's  
Path to Zero

Executive Summary

Presented by Kristina Skierka  
Senior Fellow, Energy Foundation

2012

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## ABOUT THE REPORT

The [California Energy Efficiency Strategic Plan](#) (published in 2008) has very ambitious goals for the state, including achieving zero net energy (ZNE) in the commercial and residential sectors by 2030. The Plan was crafted to include a combination of efforts (ranging from voluntary commitments to codes and standards) to achieve these goals. *The Future of the Strategic Plan: Opportunities to Advance California’s Path to Zero* details specific recommendations on leadership, organizational and resource approaches to achieve the goals of the California Energy Efficiency Strategic Plan (the Strategic Plan or the Plan). The report, authored by Kristina Skierka (Energy Foundation’s Senior Fellow who worked on-site with the California Public Utilities Commission’s Energy Division from 2009-2011), is a culmination of over 2 years of experience working with policymakers, influencers and stakeholders on the implementation of the Strategic Plan, as well over a decade working on energy efficiency in California. *The Future of the Strategic Plan* was made possible thanks to the generous support of the Energy Foundation. To share your feedback or contact Kristina directly: [kristina.skierka@energyinitiatives.co](mailto:kristina.skierka@energyinitiatives.co). **To learn more about the research and stakeholder input that helped form these recommendations, download the full report [www.energyinitiatives.co](http://www.energyinitiatives.co).**

## I. EXECUTIVE SUMMARY

Published in 2008, the California Energy Efficiency Strategic Plan (the Strategic Plan or the Plan) is a statewide roadmap of actions needed to successfully achieve all cost-effective energy efficiency potential in the state. With energy efficiency one of the largest sources of greenhouse gas (GHG) reductions identified in the AB 32 Scoping Plan, the Plan identifies goals and strategies to deliver the statewide energy efficiency target of at least 32,000 gigawatt hours and 800 million therms by 2020 (see Figure 1). The Plan, while focused on actions by investor-owned utilities (IOUs), policymakers and market actors, is a framework for the entire state of California to achieve sustained, long-term market transformation and maximum energy savings.

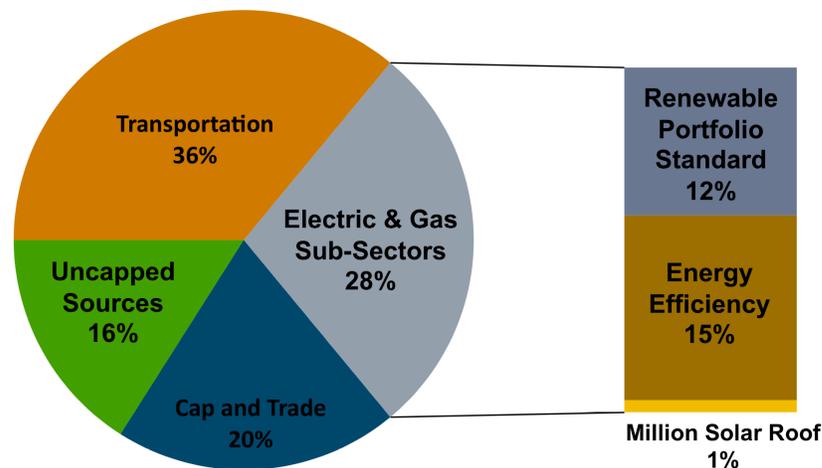


Figure 1: California Air Resources Board Scoping Plan, December 2008, Table 2 (p. 17)

### The Strategic Plan’s massive energy efficiency savings potential has a critical role in advancing both California’s economy and AB 32 goals.

In 2012, the Plan is at a crossroads. Initial success in launching action plans (APs), building champions networks<sup>1</sup> and aligning some of California’s \$3.1 billion in IOU energy efficiency programs to Strategic Plan initiatives has demonstrated that there is potential for a market transformation “movement” across California. This movement, envisioned by the Plan, will help establish “long-lasting sustainable changes...by reducing barriers to the adoption of energy efficiency measures, to the point where further publicly funded intervention is no longer appropriate” in a specific market.<sup>2</sup>

<sup>1</sup> Action plans and champions networks were developed by the Energy Foundation Senior Fellow (2009-2011) to operationalize the Strategic Plan. Action plans engage the broader California community in step-wise progress via a project management approach towards achieving the Strategic Plan’s vision.

<sup>2</sup> California Public Utilities Commission Decision 98-04-063, Appendix A.

**Aggressive action to advance the “Big Bolds”<sup>3</sup> and realize the benefits of achieving Plan goals is needed *now*.**

Constraints (including unprecedented state budget deficits, the end of term for Energy Foundation’s Senior Fellow), leadership transitions and reliance on a single state agency with limited resources and jurisdiction have already resulted in significant lags in goal achievement. Continuing with “business as usual” exhibited in these early years of the Strategic Plan—amending some utility program implementation plans (PIPs) to align with the Plan, hosting occasional public workshops for stakeholders, periodic focus of agency staff resources on the Strategic Plan—may keep the Plan alive as a reference document. However, this approach will fail to achieve the magnitude of change necessary to realize AB 32 goals and all cost effective energy efficiency savings (as well as related benefits in clean jobs and economic growth) identified in the Plan.

**Groundbreaking energy goals must be supported by re-envisioning energy efficiency leadership, including joint guidance, ownership and shared responsibility from all market actors needed to achieve the Plan’s vision.**

Clearly, *some* of the Strategic Plan’s goals can be realized by current vehicles—such as IOU efficiency programs and collaborative efforts with other state agencies. However, achieving many of the Plan goals requires a different approach to organization, funding and sustained leadership. Quite simply, a 10-year market transformation initiative requires different processes and support at inception than in implementation. In anticipation of these needs, this paper presents a phased approach to building a new structure for the implementation of the Strategic Plan that will provide the long-term leadership, institutional framework and resources to enable achievement of the Plan’s 2020 and 2030 goals. While presented in a chronological order for implementation, each step is additive and proceeds towards a future that seeks to enable the success and longevity of the Strategic Plan.

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<sup>3</sup> In order to guide market transformation in key sectors, this Plan embraces four specific programmatic goals, known as the “Big Bold Energy Efficiency Strategies” (BBEES), established by the CPUC in D.07-10-032 and D.07-12-051.

## II. KEY RECOMMENDATIONS

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### **Recommendation 1:** The CEC and the CPUC must share responsibility for implementation in order for the Strategic Plan to become statewide and achievable

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Four years after the publication of the Strategic Plan, the CPUC is still the lead agency on implementation—despite the obvious limitations of the commission’s jurisdiction, authority and IOU-centric charter. Together, the CEC and the CPUC can address nearly all of the strategies and goals identified in the Plan (ranging from codes and standards to emerging technologies). Joining the authority, resources and expertise of California’s two key energy agencies is required to achieve the goals of the Strategic Plan—including ZNE 2020 and 2030 goals. While it would be ideal to enroll the Air Resource Board (ARB) as well, it is most urgent to establish this more formalized partnership between the CEC and CPUC quickly and enable activities below.

- **Institutionalize collaboration and co-authorship of the Plan** via a statement of commitment from CPUC and CEC leadership on key deliverables, such as updates to the Strategic Plan, action plans, progress tracking and other critical success factors
- **Allocate matching CEC and CPUC funds to Strategic Plan implementation**, in terms of staff positions, consulting budgets, in-kind support and deliverables
- **Create dedicated Strategic Plan staff positions at the CEC and CPUC** (and IOUs) focused on ensuring overall implementation of the Strategic Plan and collaboration via sector leadership teams
- **Commit to collaborate on action plans** with agency leadership on APs that fall into ARB and CEC expertise, as demonstrated by the CEC with the Research & Technology Action Plan and the Codes & Standards Action Plan
- **Create a 90-day CPUC/CEC/ARB working group to assess and report on Plan status**, including barriers to success and highest leverage/critical path issues.

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### **Recommendation 2:** Institutionalize funding for Plan implementation via state agencies, IOU portfolios and outside contributions for continuity and long-term focus

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Achieving the goals of the Strategic Plan requires long-term, ongoing, dedicated resources; segmenting dollars and identifying a budget dedicated to the Plan increases likelihood for success and demonstrates commitment to both constituents and goals (building trust with innovators, retailers, industry groups and others). Specific Strategic Plan funds will also help this visionary effort maintain focus and continuity during the inevitable changes in state government, as well as enable consistent focus on critical success factors<sup>4</sup> (see Appendix C) and ongoing stakeholder engagement (such as action plans and champions networks). Resources could include ratepayer dollars and state agency consulting budgets, *but additional funding (e.g., foundation grants, private sector contributions, etc.) will still be needed to achieve the magnitude of change identified in the Plan.* Ideas to institutionalize funding follow below.

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<sup>4</sup> It can be difficult to secure ongoing agency staff attention when competing against “core” work functions and the daily challenges of a regulatory environment. More, with state hiring freezes and budget constraints, it is unclear when additional agency staff positions will be available.

- **Determine the budget needed to achieve Plan goals.** While this may include a cost-effectiveness review, this should include activities such as outreach, stakeholder engagement and policy advocacy
- **Issue joint state agency position in support of on ongoing funding for Strategic Plan initiatives** (ideally in concert with the CEC and ARB), identifying specific dollar commitments
- **Set aside funds dedicated to Strategic Plan** at the next appropriate budgeting interval (e.g., next IOU program cycle)
- **Include the Strategic Plan in any future public goods charge (PGC) legislative or ratemaking considerations,** ideally providing an on-ramp to longer-term, market transformation initiatives
- **Establish a commitment among partner agencies to set aside specific budgets** dedicated to implementing the Strategic Plan (as informed by working group above).

**Recommendation 3:** Establish a mission-driven Plan entity jointly guided by state agencies, utilities and Plan stakeholders to ensure relevance and effectiveness

The biggest threat to the Plan’s success is that it becomes irrelevant due lack of visible leadership. Visible leadership defined here refers to (a) prioritization in state government, (b) ownership in the private sector and (c) a broader “movement” in the marketplace. To prevent this crisis, a mission-driven organization dedicated to the Strategic Plan’s goals that *institutionalizes* leadership of the vision, strategies and goals is essential. This organization must “look like the Plan” itself, and be comprised of the array of actors needed to achieve Plan goals—utilities, builders, contractors, researchers, entrepreneurs, bankers, retailers, manufacturers, local governments, environmental organizations and key agencies. The organization as envisioned (see table below and Appendix H) would be a hybrid of several models reviewed (see Appendix F). This body could start as a less-formal working group, but would likely require executive order, legislative support or nonprofit status.<sup>5</sup> In any case, the group would need (1) association with a key state agency and/or leadership authority and (2) influence with market actors/stakeholders.

**Plan Need:**

**Leadership** that includes private and public sector authority and influence

Organizational Goal	Target Outcome
Establish <b>authority</b> and policy imperative for Plan (e.g., exec order, legislation)	Provide <b>statewide guidance and cross- sector influence</b>
Establish <b>advisory group</b> or governing body from the Plan’s constituents	Generate Plan <b>ownership in the private sector</b> and stakeholder groups needed to achieve goals
Pursue <b>high-leverage “Plan policy”</b> opportunities	<b>Influence state and national policy</b> developments that affect the Plan’s success
<b>Advocate for Strategic Plan concepts, strategies</b>	“Move the needle” via <b>state and national thought leadership</b>
Appoint/nominate <b>sector leadership teams</b> for Plan sectors chapter	Encourage and secure <b>stakeholder ownership that “looks like the Plan”</b> with milestone deliverables

<sup>5</sup> The establishment of the Green Building Initiative, California Climate Registry or California Clean Energy Future (see Appendix F) may be instructive. Stakeholders agreed that nonprofit status provides additional clout, but could also provide opportunities to realize additional revenue and fundraising streams (which, as suggested herein, is essential; see Recommendation 2).

**Plan Need:**

**Organizational framework** to ensure continuity and focus with stakeholders while building public will

Organizational Goal	Target Outcome
Provide <b>centralized resources</b> and <b>Plan project management</b>	<b>Coordination</b> of Plan-related efforts, creating <b>efficiencies</b> of scale and identifying needs for application of resources
Launch/manage <b>collaborative entity to leverage existing stakeholder networks</b> <sup>6</sup>	Quickly advance Plan and <b>build influence with large end-users</b> statewide (who must help deliver goals)
<b>Continue stakeholder engagement</b> efforts	<b>Build on success and momentum established to date</b> with action plans, champions networks, etc.
<b>Expand recruitment</b> and communications efforts	Create a <b>statewide movement</b> and help to <b>secure the voluntary actions</b> identified in the Plan
<b>Establish 12 sector leadership teams</b> aligned with chapters of the Plan	Coordinate 12 teams across public sector and private industry, including <b>day-to-day management and progress tracking</b>

**Plan Need:**

**Resource structure** that opens channels for private and foundation funding to support the Plan alongside public dollars

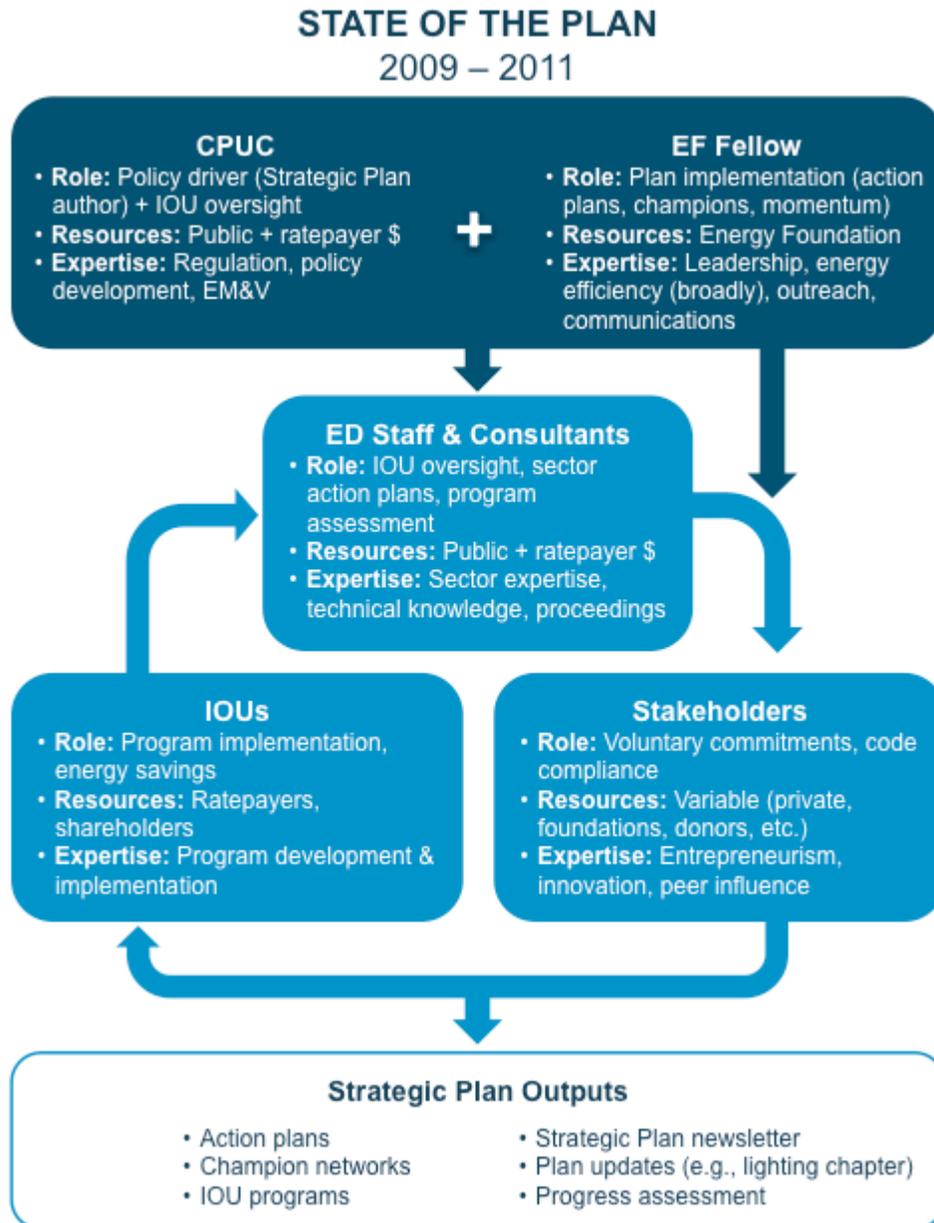
Organizational Goal	Target Outcome
Develop a <b>long-term plan and budget</b> for Strategic Plan support (see page 5)	Insulate Strategic Plan dollars and <b>ensure ongoing resources for long-term</b> (2020 and 2030) goals
Identify options for accepting/leveraging <b>additional private or foundation dollars</b>	Institute a <b>framework to secure additional resources</b> (corporate giving, foundations, etc.)
Secure <b>expertise aligned with spectrum of Plan needs</b>	Hire expertise (e.g., <b>partnership cultivation</b> ) needed for Plan but not necessarily state government positions
Initiate <b>fundraising</b> campaign	Secure additional <b>capital to support unfunded (or underfunded) priority initiatives</b> and other Plan needs

**To learn more about the research and stakeholder input that helped form these recommendations, download the full report at [www.energyinitiatives.co](http://www.energyinitiatives.co).**

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<sup>6</sup> Examples include The Bay Area Climate Collaborative (a compact on the part of the cities of San Francisco, San Jose, and Oakland to advance targets for growing the clean energy economy) and USCAP (formed when major businesses and leading environmental groups developed an alliance to call on the federal government to enact legislation requiring significant reductions of greenhouse gas emissions).

## FUTURE OF THE PLAN GRAPHICS



# FUTURE OF THE PLAN (Proposed)

