



## CPUC Seeks Party Comments On SW and 3P Programs Due Friday, June 10<sup>th</sup>

May, 2016

On May 24th, 2016, CPUC Administrative Law Judge (ALJ) Julie Fitch issued a ruling seeking parties' input on several potential program delivery changes to the statewide and third-party offerings in the California Public Utilities Commission's (Commission) energy efficiency portfolios. The ruling includes 28 questions related to several conceptual proposals presented in the ruling.

**Comments are due by Friday, June 10, 2016.**

[Complete Ruling, conceptual proposals, and related questions](#)

### WHPA Summary

The Ruling, in response to SB350 and previous workshops in 2015, presents CPUC-developed proposals for potential approaches to addressing both statewide and third-party program requirements. Those proposals are presented in this ruling. The Commission seeks input on whether to implement some or all aspects of the proposals. We strongly recommend that you read the full 17-page ruling for details that were omitted here to preserve brevity of these summaries.

### The Statewide Proposals:

1. A more specific definition of what "Statewide" means, as it relates to Statewide Programs. The new proposed definition, found in the ruling, aims to: improving ease of access to the statewide programs; lower transaction costs for participants; support streamlined access to data; and reduce portfolio overhead costs due to redundancies from each utility implementing similar programs in each of their service territories.
2. Under the new proposed definition, a set of statewide "subprogram" categories are proposed, to be treated as statewide under the proposed definition.
3. IOUs identified as "Leads" for those subprogram categories solicit proposals from implementers under a solicitation protocol to be proposed and approved. Once approved, one implementer would then be selected by each IOU lead administrator to serve the market in all IOU territories, for each of the subprograms categories proposed.
4. Implementers bidding on these programs should be permitted to propose delivery strategies or program elements that may go beyond current program designs and delivery strategies as well as being permitted and encouraged to hire subcontractors that have local or regional specialties or expertise in particular markets.
5. IOUs should prioritize pay-for-performance contracts when selecting implementers.
6. Program costs to be shared amongst the IOUs, as applicable, on a pre-set budget basis determined up front with a periodic cost share true-up handled by the Commission.

### The Third-Party Proposals:

1. A more specific definition of what “third-party program” means, as it relates to third-party programs. The new proposed definition of “third-party” is a program that is proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. The new definition aims to improve innovation, effectiveness, cost reduction, and/or better cost-effectiveness by allowing the third-party programs to expand their role beyond the currently perceived gap-filling status that they appear to be limited to.
2. Two options are proposed for “third-party” requirements, and are done so to solicit feedback and alternates to these options:

OPTION 1: Eliminate the 20% third-party requirement and allow IOUs to choose freely how to allocate program delivery responsibilities between utility personnel and third-parties.

OPTION 2: Require that all program delivery for the commercial sector, not only for statewide programs but also for local and regional programs, be handled by third-parties, with exceptions to be considered by the Commission.

### Why Does This Matter to You?

This ruling seeks comments on the options outlined above as well as 28 questions located in the ruling. The comments provided through this process will shape the future of Statewide and 3<sup>rd</sup> party programs, directly impacting how HVAC will be handled in California’s future energy efficiency program framework, beginning as early as 2017.

Many stakeholders believe that true “statewide-ness” is the best way to eliminate barriers to customer participation and reduce administration costs by creating a single program across the state that will improve accessibility and economies of scale. Many others believe that a statewide program may not be well equipped to handle local and regional differences

throughout the state, thereby creating barriers and added costs for those local or regional participants.

*As stated above, a set of statewide “subprogram” categories are proposed, to be treated as statewide under the proposed statewide definition. **Specifically called out in the Statewide Proposals are HVAC Residential and Commercial Upstream subprograms.** Subprograms that are not specifically HVAC, but may include HVAC as a component are Residential New Construction, Codes & Standards-Compliance Improvement, Building Code Advocacy, Emerging Technologies, Deemed and Calculated Incentives programs, as well as Integrated Pilots, Programs, and Activities.*

The conversation regarding the right mix of program administration parties is as old as the energy efficiency industry and there are as many opinions on the matter as there are participants. Some parties believe that administration of programs should be given solely to third-parties to ensure strong innovation and nimbleness, while others believe that sole administration should be handled by the IOUs to take advantage of invested costs, customer reach, and efficiencies already realized. Other parties believe that a mix, of varying proportions, be shared between the two to capitalize on the features and benefits that both administration types bring to the table.

There are a number of other significant opinions and considerations that are presented in this ruling, through communications from all parties of the proceeding, that make this ruling, and its request for your comments, particularly important.

#### **How Do You Get Involved and Respond?**

Since this is a formal proceeding, members must be Party to the proceeding. For the purpose of this proceeding, it may be easiest to file a “*motion for party status*” with the CPUC. If you would like to file a motion for party status, the CPUC’s Public Advisor's Office provides templates you can use to create your documents. [Please click here](#) for templates and examples for Filing a motion for party status. Please feel free to contact me directly with any questions you may have regarding the process of becoming a party to CPUC proceedings.