



Building
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Institute, Inc.

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Arizona Corporation Commission
1200 West Wshinton
Phoenix, AZ 85007

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RE: Building Performance Institute Comments on Docket No. E-00000XX-13-0214

Building Performance Institute, Inc. (BPI)¹ appreciates the opportunity to provide comments in response to Staff's Request for Informal Comment issued on November 4, 2014, in the above-captioned docket.

BPI is a 501(c)(3) nonprofit corporation and is the nation's premier building performance credentialing, quality assurance and standards setting organization, representing more than 25,000 building performance professionals and their companies nationwide. Nearly 600 BPI certified professionals working in energy efficiency trade improving residential buildings throughout Arizona. BPI develops technical standards using an open, transparent, consensus-based process built on sound building science, and is accredited as a standards developer by the American National Standards Institute, Inc. (ANSI). Additionally, BPI is accredited under ISO/ANSI 17024 for personnel certification.

More than 120 programs across the U.S. rely on BPI standards and professional credentials as the foundation of their residential energy efficiency, carbon reduction, and weatherization activities including most Home Performance with ENERGY STAR® (HPwES) programs, manufacturer high performance programs, manufacturer commissioning. BPI is also a national partner with DOE promoting and delivering its Home Energy Score across the nation, which provides a consistent way of accounting for residential energy and carbon reductions from efficiency improvements.

BPI offers the following:

- National standards to ensure top quality, consistent protocols are being followed throughout the home performance and weatherization workforce.
- Certification of individuals in residential energy auditing and analysis, energy upgrade installation, crew leader, quality control inspection and multi-family designations.
- BPI GoldStar Contractor credentials for contracting companies committed to delivering quality home performance improvements using a Quality Management System.
- Rater Program supporting Home Energy Score.
- Quality assurance to verify conformance with BPI standards and provide feedback for continuing improvement.
- Partnership with testing organizations that deliver BPI services in their market.

¹ These comments are being submitted on behalf of Building Performance Institute, Inc. They do not necessarily reflect the views of any individual member of the BPI Board, nor do they necessarily reflect the views of associations or companies at which those Board members work.

Standards - Certification - Rating System - GoldStar Contractors

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BPI has serious concerns with Staff's issuance of draft proposed rules to modify the Energy Efficiency Standards.

- The draft proposed rules contemplate substantive public policy including the elimination of the Energy Efficiency Standards changes that are not in the public interest of Arizonans.
- The draft proposal would have a detrimental impact to energy efficiency professionals, manufacturers, and trades including home performance contractors; heating, ventilation, and air conditioning professionals; insulation professionals, and others who manufacture and provide the goods and services that play an increasingly important role in Arizona's Energy Efficient economy.
- Eliminating the Energy Efficiency Standards and replacing it with a discretionary process will result in uncertain outcomes.

Arizona has received extensive recognition for its excellent performance under the current Utility Energy Efficiency Standard. The results of Arizona's programs have been very cost-effective, providing nearly half a billion dollars in energy cost savings to the ratepayers of Arizona and creating thousands of jobs. Research conducted by the American Council for and Energy-Efficient Economy (ACEEE) shows that states with energy efficiency standards similar to Arizona's standard produce significantly higher utility energy efficiency achievements as compared to those that rely on periodic reviews of integrated resource plans, or no plans at all. Arizona has a system that works. **BPI urges the ACC to withdraw or reject the draft proposed rule changes and maintain Arizona's current and highly effective utility Energy Efficiency Standard.**

Investment in energy efficiency supports jobs in more labor-intensive sectors of the economy than traditional energy resources. On average, traditional energy sources support about 10 jobs per \$1 million invested.² By contrast, energy efficiency leads to jobs in sectors such as construction and trade services, which support 19-20 jobs per \$1 million invested. BPI Professionals can attest to the fact that investment in energy efficiency supports high quality jobs, robust entrepreneurship, and a growing pool of skilled workers. Investing in energy efficiency will help boost Arizona's economy by supporting local job creation and retention of investment in the state. Many home performance and energy efficient related businesses employ veterans and they are proud to contribute to America's energy security by reducing demand for foreign energy imports through efficiency. The current Energy Efficiency Standard is set to create over 10,000 new jobs in Arizona and these are jobs that stay in state. Manufacturing companies located in Arizona have developed new products directly related to the energy efficiency industry, and are expanding their production. The proposed rule change would have a chilling effect on the economic growth in this important sector.

The ACC should review and revise cost-effectiveness tests. The Ratepayer Impact Measure (RIM) test is universally regarded as an inappropriate test for screening utility energy efficiency programs. Because it treats "lost revenues" from energy efficiency savings as a "cost", rather than a re-allocation of already sunk utility system costs, the RIM test actually penalizes programs for saving energy. Few programs that actually save significant amounts of energy will pass the RIM test. It is also inequitable to apply the RIM test to energy efficiency programs, but not to new power plants. New power plants would not likely pass the RIM test either.

² <http://www.aceee.org/blog/2011/11/how-does-energy-efficiencycreate-job>

ACC should adopt new strategies for determining the cost-effectiveness of energy efficiency. Current cost effectiveness tests, designed for power plants, often inaccurately penalize energy efficiency in homes, where consumers are spending their own money on a range of measures that primarily affect comfort, health and medical issues, or replace broken equipment, creating a range of non-energy benefits that explain why customers are satisfied with projects that fail cost effectiveness tests which do not consider non-energy benefits. Furthermore, these tests are designed to determine the cost-benefit of energy generation, not pollution reduction.

A new screening effort called the Resource Value Framework (RVF) developed by the Home Performance Coalition and numerous partners, including Efficiency First through the National Efficiency Screening Project (NESP) provides a powerful tool for public utility commissions to ensure that their cost effectiveness tests are balanced, transparent, and account for public policy goals. Specifically, in "The Resource Value Framework: Reforming Energy Efficiency Cost-Effectiveness Screening"³ the NESP advocates that in designing an energy efficiency screening test, each state should adhere to a guiding set of principles that have direct implications for the success of states using energy efficiency in their plans, including EPA's 111(d) compliance, as these tests will help states to develop programs with the most cost-effective energy efficiency and best carbon reductions.

BPI encourages the ACC to use the RVF to test for cost-effectiveness in order to encourage deeper energy savings opportunities and carbon reductions, particularly in the residential sector to enhance testing procedures and ensure ratepayers are getting the most carbon and energy savings out of their energy efficiency programs. BPI recognizes that demand response (DR) as an essential part of any Demand-Side Management portfolio, and must be used in conjunction with energy efficiency for the best results. Home performance contractors can aid in expanding DR measures to customers, particularly since new technologies (e.g. smart thermostats) are poised to enable broader participation in DR programs. The existing EE rules place no limit on the amount of DR that utilities can procure. There may be additional opportunities for DR that could be considered if all cost-effective DR were pursued. BPI does not support any policy changes that would lead EE and DR measures to compete with one another and we believe that both should be supported to their fullest extent, as part of an integrated demand side management plan.

The cost of energy efficiency is under half the cost of building coal power plants. A recent report presented to the National Association of Regulatory Utility Commissioners by Lawrence Berkeley National Laboratory⁴ determined the average total cost of saved energy is only 4.4 cents per kilowatt hour vs U.S. Energy Information Agency's (EIA's) estimate for the cost of conventional coal for utilities—9.5 cents per kilowatt hour—more than double the total cost of saved energy. This means that energy efficiency and other smart uses of energy that can be controlled from the demand side can replace dirty coal at a fraction of the cost of building coal plants to generate electricity (and without polluting our air or exacerbating climate disruption).

³ http://www.nhpci.org/publications/NHPC_NESP-Recommendations_20140816.pdf

⁴ Goldman, Charles A., The Total Resource Cost of Saved Energy for Utility Customer-Funded Energy Efficiency Programs

Arizona Corporation Commission
Docket No. E-00000XX-13-0214
December 2, 2014
Page 4

Conclusion. The Energy Efficiency Standards have made a difference in Arizona. Ratepayers see the results in saving power and having more comfortable, healthier homes as a result of energy efficiency efforts. Quality jobs are created and maintained. The ACC should reject the November 4, 2014 draft proposed rulemaking. Insufficient time has been granted to fully consider the impacts of this major policy proposal and little or no analysis or supporting evidence has been presented to explain why the changes are warranted. Adopting the proposed rule would be bad public policy and would be severely detrimental to the Arizona ratepayers and Arizona's economy.

Please do not hesitate to contact me if you have questions.

Respectfully submitted,

By: /s/ Larry Zarker

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