



Home Performance Coalition

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October 24, 2017

Hon. Joseph C. Reynolds, Chairman
Public Utilities Commission of Nevada
1150 East William Street
Carson City, Nevada 89701

Re: Rulemaking Docket on Senate Bill 150 (2017) - Docket No. 17-08023

Dear Public Utilities Commission of Nevada:

We are writing to respectfully submit comments on the Rulemaking Docket for Senate Bill 150 (2017) at **Docket No. 17-08023**.

Energy Efficiency/Demand Response programs have been demonstrated in numerous state and national studies to be lowest cost, most predictable and most immediate method to reduce energy demand while at the same time creating local jobs, providing opportunities for small business energy efficiency entrepreneurs and also providing health and comfort benefits to consumers and lower utility rates in the long term. We salute the legislature, the Governor and the Nevada Public Utilities Commission for initiating this Rulemaking Docket and energy efficiency planning process that will make Nevada a national leader in energy efficiency technology deployment, business development and also increase the reliability and security of Nevada's energy system moving forward.

The Job Creation Potential of Energy Efficiency Businesses and Industries

The job creation potential of SB 150 has support from two recent national studies that demonstrate the impressive track record of the energy efficiency business sector across the United States.

On December 8, 2016, Environmental Entrepreneurs (E2), a national non-partisan business group, and E4TheFuture, an energy efficiency advocacy group released [**Energy Efficiency Jobs in America**](#) (the EE Jobs Report) which concluded that **energy efficiency is one of the nation's biggest job sectors**, employing more than 1.9 million Americans across all 50 states. The EE Jobs Report found that energy efficiency is by far the nation's largest clean energy sector employer, outpacing the

renewable energy, clean vehicles and clean fuels sectors. **The E4 Report found over 15,364 Nevadans are currently employed in energy efficiency businesses and industries.** That number will certainly increase as SB 150 is implemented.

On January 13, 2017, the U.S. Department of Energy released its [2017 U.S. Energy and Employment Report \(USEER\)](#). The 2017 USEER documented that **2.2 million Americans are employed**, in whole or in part, in the design, installation, and manufacture of energy efficiency products and services, adding 133,000 jobs in 2016 alone. Key findings included:

- Almost 1.4 million Energy Efficiency jobs are in the construction industry.
- **Energy Efficiency is the largest clean energy sector employer in the U.S.**

Both Reports support Nevada's efforts to continue to invest in energy efficiency jobs and businesses and through its rulemaking process and also develop a streamlined approach to implementing energy efficiency programs and policies that get results and are cost effective.

**Specific Recommendation for the Rulemaking Docket:
Incorporate Cost Effectiveness Testing and the National Standard Practices Manual Into the Nevada Rulemaking Process**

As Nevada begins the implementation of SB 150, HPC respectfully requests that the Public Utilities Commission (PUC) apply the fundamental principles of the National Standard Practices Manual (NSPM). The NSPM describes the principles, concepts, and methodologies for sound, balanced assessment of resource cost-effectiveness. Six of the general principles around which the NSPM is organized are set forth below and are reflected in the proposed regulatory language attached as **Exhibit A**. Please note that the NSPM, and these principles, are designed to better equip the Nevada PUC with the implementation of Nevada's own energy security, energy efficiency policies and program goals.

The NSPM is applicable to all types of electric and gas utilities and jurisdictions where energy efficiency resources are funded by – and implemented on behalf of – electric or gas utility customers. The NSPM could be used by the PUC to help identify the full range of efficiency resources whose benefits exceed their costs, to inform which specific programs can meet Nevada's policy goals, standards, and/or targets.

In short, NSPM framework could allow Nevada an opportunity to “test its tests” for cost effectiveness testing to see whether it reflects Nevada's own energy efficiency policies and program goals. The principles contained in the NSPM can inform and greatly enhance Nevada's ability to target and highlight the most impactful innovations and reforms in energy efficiency as they are being implemented. The following general principles guide the Manual:

National Standard Practice Manual Principles

Efficiency as a Resource	EE is one of many resources that can be deployed to meet customers' needs, and therefore should be compared with other energy resources (both supply-side and demand-side) in a consistent and comprehensive manner.
Policy Goals	A jurisdiction's primary cost-effectiveness test should account for its energy and other applicable policy goals and objectives. These goals and objectives may be articulated in legislation, commission orders, regulations, advisory board decisions, guidelines, etc., and are often dynamic and evolving.
Hard-to-Quantify Impacts	Cost-effectiveness practices should account for all relevant, substantive impacts (as identified based on policy goals,) even those that are difficult to quantify and monetize. Using best-available information, proxies, alternative thresholds, or qualitative considerations to approximate hard- to-monetize impacts is preferable to assuming those costs and benefits do not exist or have no value.
Symmetry	Cost-effectiveness practices should be symmetrical, where both costs and benefits are included for each relevant type of impact.
Forward-Looking Analysis	Analysis of the impacts of resource investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of the subject resources as compared to the costs and benefits that would occur absent the resource investments.
Transparency	Cost-effectiveness practices should be completely transparent, and should fully document all relevant inputs, assumptions, methodologies, and results.

Specific language designed to incorporate these principles into Nevada regulatory guidance is attached as **Exhibit A**.

Background on the Home Performance Coalition

The Home Performance Coalition (HPC) is a leading advocate for residential energy efficiency in Washington, DC and the states. We are closely engaged with key decision makers in the Congress, state agencies and public utility commissions. We work to educate stakeholders on the importance of home performance, the obstacles facing the home performance industry, and the policies that can break down barriers and advance home performance at the federal, state and local levels.

Conclusion

Thank you for this opportunity to comment on the Rulemaking Docket on Senate Bill 150 (2017), Docket No. 17-08023. HPC hopes to work with the Public Utilities Commission, Commission staff and industry stakeholders on the further examination of cost effectiveness testing in Nevada. Please feel free to contact Joseph Cullen, HPC's Director of Policy and State Outreach at (202) 759-9612 or JCullen@Homeperformance.org should you have any questions about the NSPM and the research and policy issues described in this letter or require additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Castelli". The signature is written in a cursive style with a large initial "B" and a long horizontal stroke extending to the right.

Brian T. Castelli, President & CEO

EXHIBIT A

Definition of Cost-Effectiveness

The Public Utilities Commission of Nevada (“Commission”) shall assess program and portfolio cost-effectiveness according to a benefit-cost test that builds on any of the five classic benefit-cost tests identified in the California Standard Practice Manual including the Total Resource Cost (TRC), the Utility Cost Test (UCT), the Rate Impact Measure (RIM), Participant Cost Test (PCT) and the Societal Cost Test (SCT) as well as the Nevada developed adjusted Total Resource Cost (ATRC), but all cost effectiveness tests should more fully reflect the policy objectives of Nevada with regard to energy, its costs, benefits, and environmental and societal impacts.

The Commission shall propose the specific benefits and costs to be reported, and factors to be included in Energy Efficiency Plans developed in Nevada. These benefits should include resource impacts, non-energy impacts, distribution system impacts, economic development impacts, and the value of emission reductions as defined in Nevada law, regulation or policy. The accrual of specific non-energy impacts to only certain programs or technologies, such as income-eligible programs or combined heat and power, may also be considered. The Commission’s review and evaluation of cost effectiveness testing should be guided by the principles described in the National Standard Practice Manual, several of which are summarized below.

The Commission shall apply the following cost effectiveness testing principles when developing its tests for Nevada:

- Energy efficiency is one of many resources that can be deployed to meet customers’ needs, and therefore should be compared with other energy resources (both supply-side and demand-side) in a consistent and comprehensive manner.
- Cost-effectiveness practices should account for Nevada’s energy, environmental, economic and health policy goals.
- Cost-effectiveness practices should be symmetrical, for example by including both costs and benefits for each relevant type of impact.
- Analysis of the impacts of efficiency investments should be forward-looking, capturing the difference between costs and benefits that would occur over the life of efficiency measures with those that would occur absent the efficiency investments.
- Cost effectiveness practices should account for all relevant, substantive impacts, even those that are difficult to quantify and monetize. Using best available information to approximate hard-to-monetize impacts is preferable to assuming that these costs and benefits do not exist.
- Cost-effectiveness practices should be completely transparent, and should fully document and reveal all relevant inputs, assumptions, methodologies, and results.