



July 19, 2016

California Department of Water Resources
Division of Integrated Regional Water Management
Financial Assistance Branch
Post Office Box 942836
Sacramento, CA 94236
Attn: Leslie Pierce
Sent via electronic mail to: DWR_IRWM@water.ca.gov

RE: Water-Energy Grant Program, Guidelines and Proposal Solicitation Package

To whom it may concern:

Thank you for the opportunity to comment on the Department of Water Resources' (DWR) Water-Energy Grant Program Guidelines and Proposal Solicitation Package. In our May 23, 2016 letter, we noted our support for restricting the scope of the Water-Energy Grant Program to projects that will result in water and energy savings from specified products in the commercial and institutional sector but recognize the value of including residential projects benefitting disadvantaged communities and strongly support the addition of those projects.

In addition, for this grant cycle, we support limiting the energy savings by which the projects will be evaluated to onsite savings, rather than including savings from embedded energy, because it simplifies the comparison of project proposals. To that end, we support the Air Resources Board's decision to require use of its on-site energy calculator rather than the CPUC calculator. With project eligibility limited to projects with on-site energy savings, the ARB calculator should capture the great majority of savings and be sufficient for evaluating a range of project proposals.

With regard to the specifics of the grand guidelines, we have two recommendations:

1. Usage Factors for Residential Usage

Usage factors for all residential products appear to be drawn from estimated usage documented in large populations (statewide or US). To the extent that a project involves efficiency improvements at locations where the number of persons per household differs substantially from the statewide average, e.g., senior housing, the usage factors should be adjusted. NRDC recommends noting this in the guidelines and the calculator instructions.

2. Project monitoring and reporting requirements

The project monitoring and reporting requirements in the grant guidelines are vague and inadequate. One of the major benefits of State investment in water-energy projects is the documentation of results that should be forthcoming. DWR's Guidelines refer to monitoring and reporting of results in the work plan, but they are not very specific. The ARB's funding guidelines are quite specific

about the location of projects and benefits, but are not specific about ex-post monitoring; only calling for submission of estimates of energy, water, and GHG savings.

Energy utilities subject to CPUC regulation are subject to extensive measurement and verification (M&V) requirements to document the results of energy system investments in energy efficiency. In contrast, water suppliers in California have spent hundreds of millions of dollars on water efficiency measures while producing relatively little in the way of savings data verified by ex-post analysis. Effective M&V takes money, and it requires the preparation of an M&V plan that is appropriate to the measures and methods of each efficiency project. Developers and proponents of efficiency projects should know what the M&V requirements are as they prepare their project proposals.

DWR's Guidelines should explicitly require applicants to: 1) identify the primary M&V pathway (direct measurement, selective sampling, modeling based on deemed savings, etc.); 2) describe the level of accuracy their M&V plan will achieve; and 3) show the costs of carrying out project monitoring in the project's proposed budget.

If you have any questions or comments, please contact me at (310) 434-2300 or tquinn@nrdc.org

Sincerely,

A handwritten signature in black ink, appearing to read "Tracy Quinn". The signature is fluid and cursive, with a large initial "T" and "Q".

Tracy Quinn, Senior Policy Analyst
Natural Resources Defense Council