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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking
Concerning Energy Efficiency Rolling
Portfolios, Policies, Programs,
Evaluation and Related Issues.

Rulemaking 13-11-005
(Filed November 14, 2013)

**REPLY COMMENTS OF COUNTY OF VENTURA ON BEHALF OF THE TRI-COUNTY
REGIONAL ENERGY NETWORK ON ADMINISTRATIVE LAW JUDGE'S RULING
SEEKING COMMENT ON FUTURE OF REGIONAL ENERGY NETWORKS**

Alejandra Téllez
Program Management Analyst, County of Ventura
800 S. Victoria Avenue, L#1940, Ventura, CA 93009
Tel: 805-654-3835
E-mail: alejandra.tellez@ventura.org

For the 3C-REN, Tri-County Regional Energy Network
Ventura, Santa Barbara, and San Luis Obispo Counties

Dated: April 26, 2019 in Ventura, California

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I. Introduction

Per the Rules of the California Public Utilities Commission (CPUC or Commission) following are the respectfully submitted reply comments to *Administrative Law Judge's (ALJ's) Ruling Seeking Comment on Future of Regional Energy Networks* (Ruling) of the County of Ventura on behalf of the Tri-County Regional Energy Network (3C-REN), which includes the Counties of Ventura, San Luis Obispo, and Santa Barbara. Specifically, 3C-REN would like to respond to the following:

- Given the design and purpose of Regional Energy Networks (RENs), RENs should not be held to the same cost-effectiveness thresholds as the Investor Owned Utilities (IOUs).
- Cost effectiveness alone should not be the ruler by which to measure RENs value and contribution to the State's energy efficiency landscape. Considering the decreased funding to Local Government Partnerships (LGPs), justified by IOUs as

due to a need to increase portfolio cost effectiveness, RENs now more than ever, need to bring the local government perspective to energy efficiency. To reach the State's ambitions energy efficiency, greenhouse gas reduction, and climate action goals in an equitable and just manner, it will take serving all rate payers, not only those that can be served most cost effectively.

- There is no evidence to support that geographic overlap among Program Administrators (PAs) results in programmatic duplication issues. RENs can proficiently coordinate among each other, Community Choice Aggregators (CCAs), LGPs, and IOUs. The Commission should consider asking the IOUs to more clearly delineate program areas that they cannot or will not undertake as a result of IOU internal policies or priorities.
- As the need for flexible programming continues to increase, RENs should not be restricted to specific sectors or populations, should not be limited only to offering specific types of programs, and should not be required to meet all criteria from Decision (D.) 12-11-015. The criteria for RENs should be expanded beyond limiting hard-to-reach (HTR) definitions to include "underserved" markets.
- The Commission should simplify the fiscal manager role to ease administrative burden on IOUs and authorize the IOUs and RENs to jointly determine payment terms.

II. 3C-REN Refutes Comments from Public Advocates Office, Southern California Edison Company, and SoCalREN

3C-REN contends with the following comments from Public Advocates Office (PAO), Southern California Edison Company (SCE), and the Southern California Regional Energy Network (SoCalREN), specifically:

- PAO's¹ unsubstantiated comments that intend to negate the value of RENs in the energy efficiency (EE) portfolio, suggest limiting program access for ratepayers by minimizing program delivery options, and accepting cost effectiveness as the only means to evaluate programs instead of considering overall societal benefits.
- SCE's² specific comment that REN's should participate in third party bidding in order to be provided the opportunity to implement EE programs.
- SoCalREN's comments proposing cost-effectiveness thresholds for RENs.

In their comments, PAO focuses on cost effectiveness as the single most important metric to evaluate a REN PA's contribution to EE. This inadequate statement is counter to established Commission decisions including that of D.12-11-015 in which the Commission asserts there should not be a minimum cost-effectiveness threshold for approval of REN proposals.³ 3C-REN refutes this approach and encourages the Commission and Parties to consider a closer evaluation of the current cost effectiveness tool and its appropriateness to evaluate the REN PA's achievements towards the California EE Long Term Strategic Plan and other State goals such as those outlined in SB 350 and AB 758. Legislators and the Commission have stressed the importance of addressing the EE needs of HTR, disadvantaged communities (DAC), and low-income customers (SB 350), and existing buildings (AB 758). PAO's sole focus on total resource costs (TRC) to measure REN PA's value and EE contribution is one that will demonstrate

¹ R.13-11-005 Comments of the Public Advocates Office (PAO) on Administrative Law Judge's Ruling Seeking Comments on Future of Regional Energy Networks, Filed April 16, 2019, *passim*.

² R.13-11-005 Southern California Edison Company's (SCE) (U 338 E) Comments on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks Comments, Filed April 16, 2019, at 3 and *passim*.

³ D.12-11-01 Conclusion of Law 14, p. 118.

time and again that serving communities and market segments most underserved will yield a low measure because they are, by definition, *hard to reach*.

3C-REN encourages the Commission to convene an assessment of the continued appropriateness of the TRC test in consideration of IOU, REN, and CCA comments and presentations on the challenges that this test presents in balancing meeting cost effectiveness thresholds with a PAs ability to deliver rate payer benefits to those that are most underserved by EE programs. In assessing the impacts on holding TRC as the single most important metric to evaluate EE portfolios, the defunding of LGPs should be seen as the canary in the mine for what can happen to other local government delivered EE program efforts and EE offerings to HTR, DACs, and other underserved segments.

PAO asserts that PAs are struggling with maintaining cost-effective portfolios due to the success of energy efficiency codes and standards, and that an increasingly stringent code means there is little potential for incentive programs to realize EE savings. The conclusion that codes and standards success makes it increasingly difficult to meet TRC thresholds does not imply that EE programs' work is done, only that there is diminishing returns only in terms of cost effectiveness. 3C-REN's experience is counter to this conclusion, and most of rural California and that of HTR and DACs struggle to comprehend, comply with, and enforce Title 24, Part 6 as was detailed in the 3C-REN filed and approved business plan. The Commission authorized 3C-REN on the basis of the soundness of arguments and substantiation that there is a critical gap related to codes and standards in 3C-REN service territory. For this reason, RENs are more than ever an important vehicle by which to address the EE needs of multiple market segments, especially those that are HTR and underserved.

PAO assumes that the potential for overlapping administration or implementation creates uncertainty for program implementers is unsubstantiated. In order to advance third-party solicitation, respondents will need so submit proposals with a relatively high TRC. Thus, it is doubtful that these proposals will be targeted towards HTR, DAC, or underserved customers and, therefore, overlap with REN programming is unlikely.

Additionally, 3C-REN disagrees with PAO comments⁴ that the Commission consider whether it's appropriate to continue to authorize funding for REN portfolios that have never exceeded a TRC ratio of 0.40.

Outsourcing EE programs through the third-party solicitation process may not result in the outcomes the Commission intends to achieve and will certainly not ensure the gaps will be filled that RENs currently fill. RENs are designed and approved because existing programs (IOU or third-party) are failing to reach all market segments. Third-party bidders should see RENs as partners, rather than competitors, since RENs already act as the regional single point of contact for EE activities. RENs deliver to the underserved and ensures ALL ratepayers receive benefits in an equitable manner from the funds they contribute.

As PAO states,⁵ "...going forward, the utilities will no longer directly control most of the programs in their portfolios," it will be even more necessary for RENs to be included in the portfolio to offer stability and adaptability to the energy efficiency market. The criteria PAO proposed would not be effective in identifying gaps or determining needs, would not have the ability to meet CPUC goals, and would not provide the needed range of program delivery to effectively reach targeted markets.

PAO inaccurately states that RENs implement programs "outside of the market structure"⁶ and is uninformed of how RENs engage in transparent procurement processes. Local governments have robust approaches to bidding, with additional layers of public scrutiny beyond what is delivered by the IOUs.

As directed by the Commission, 3C-REN has recently completed the rigorous, time consuming, and expensive process required to become a PA, including participation in

⁴ R.13-11-005 Comments of PAO At 7.

⁵ Ibid. at 15.

⁶ Ibid. at 9.

the CAEECC stakeholder process. To require 3C-REN, and all RENs, to submit new business plans (within six months of the adoption of a decision) and resubmit proposals with new rules would be inappropriate, disruptive to service, and a waste of taxpayer and ratepayer dollars. Additionally, it undermines the Commission's authority and decisions, including the approval of business plans that were vetted through the Commission directed stakeholder process.

Lastly, 3C-REN does not agree with SoCalREN's⁷ recommendation for the Commission adopt an unsubstantiated 5% annual increase of portfolio cost-effectiveness for RENs as a measurement. 3C-REN upholds that applying a TRC requirement will destabilize the EE portfolio and undermine the Commission's purpose of establishing RENs. Alternative methods of determining cost effectiveness should continue to be discussed and pursued before a decision is proposed.

III. 3C-REN Supports Specific Comments

3C-REN supports the following specific comments:

- PG&E's⁸ request that the Commission simplify the fiscal manager role and authorize IOUs and RENs to jointly determine payment terms.
- PG&E's proposed model of granting RENs a quarterly advance payment and request for clarification by the Commission regarding guiding rules on how any unspent funds are to be returned.

⁷ R.13-11-005 Comments of the County of Los Angeles, on Behalf of the Southern California Regional Energy Network (SoCalREN) (CPUC #940), on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, at 2, 12-13, and 16-17. at 13 and 18-19.

⁸ R.13-15-005 Comments of Pacific Gas and Electric Company (PG&E) (U 39 M) on the Ruling Seeking Comment on the Future of Regional Energy Networks, Filed April 16, 2019, passim.

3C-REN agrees with the following specific comments:

- Comments from ABAG⁹, SCPA¹⁰, LGSEC¹¹, WRCOG¹², SoCalGas¹³ and others affirming the value REN's provide.
- Comments from LGSEC¹⁴, RHTR¹⁵, and Sonoma County RCPA¹⁶ to establish a CPUC-led workshop to study the increasing need for and value of RENs.

⁹ R.13-11-005, Opening Comments of The Association of Bay Area (ABAG) Governments, on Behalf of the San Francisco Bay Area Regional Energy Network (BayREN) (#941) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, passim.

¹⁰ R.13-11-005 Comments of the Sonoma Clean Power Authority (SCPA) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, passim.

¹¹ R.13-11-005 Opening Comments of the Local Government Sustainable Energy Coalition (LGSEC) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, passim.

¹² R.13-11-005 Opening Comments of the Western Riverside Council of Governments (WRCOG) on Behalf of the Inland Regional Energy Network on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, passim.

¹³ R.13-11-005 Comments of Southern California Gas Company (SoCalGas) (U 904 G) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, at 1 and 2.

¹⁴ R.13-11-005 Opening Comments of the Local Government Sustainable Energy Coalition (LGSEC) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, at 4.

¹⁵ R.13-15-005 Opening Comments of the Rural Hard To Reach (RHTR) Working Group on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks at 3.

¹⁶ R.13-15-005 Sonoma County Regional Climate Protection Authority (RCPA) Comments Regarding Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, passim at 3.

- CodeCycle's¹⁷ comments highlighting the need for and ability of REN's to work with local governments in a way IOU's have been unwilling or unable to do.
- SCE's comment¹⁸ that "RENs bring a unique local government perspective to program administration and are a trusted entity that provides value to the communities they serve."

3C-REN agrees with comments that echo 3C-REN's own¹⁹ given the design and unique purpose for being of RENs. RENs should not be held to the same cost-effectiveness thresholds as IOUs. RENs serve a critical role in the current and future energy efficiency (EE) portfolio, navigate the complexities of programs, provide resources other PAs cannot, and adeptly coordinate program delivery with stakeholders, including other PAs. Opportunities to form new RENs should be allowed; there may be increasing geographic overlap between the CCAs and RENs, but there is not an obvious trend towards programmatic overlap at this time necessitating a change in strategy or policy for current and future RENs.

As the need for flexible programming continues to increase, RENs should not be restricted to specific sectors or populations, should not be limited to only offering specific types of programs, and should not be required to meet all criteria from D.12-11-015.²⁰ In

¹⁷ R.13-11-005 Comments of CodeCycle LLC (CodeCycle) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, at 2 and 3.

¹⁸ R.13-11-005 Comments of SCE at 2.

¹⁹ R.13-11-005 Comments of County of Ventura on Behalf of the Tri-County Regional Energy Network (3C-REN) on Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks, Filed April 16, 2019, at 5, 11-13, and passim.

²⁰ D.12-11-015, at pages 8, 15, 118, and 148.

agreement with ABAG,²¹ 3C-REN supports the request that criteria for RENs should be expanded beyond limiting hard-to-reach definitions to include “underserved” markets.

As SoCalREN²² states, as local governments, REN PAs have a primary obligation to serve HTR and disadvantaged communities (DACs), that IOU PA’s will not deploy offerings that are not “cost-effective,” and supports the request that RENs continue to be given the opportunity to meet the needs of those who are marginalized and historically underserved.

Several comments acknowledge the value of RENs to fill gaps within the California EE portfolio and recognize their ability to serve multiple sectors in ways other PAs simply cannot. Further, 3C-REN agrees with CodeCycle²³ that RENs can offer California energy code compliance improvement solutions for building departments that are tasked with Title 24 enforcements. RENs can effectively support a variety of sectors in ways that other PAs are not able.

IV. Conclusion

3C-REN appreciates the opportunity to submit reply comments for the future role of RENs in the energy efficiency landscape. Per these comments, 3C-REN resubmits the following requests the Commission:

²¹ R.13-11-005 Opening Comments of ABAG at 14 and passim.

²² R.13-11-005 Comments of SoCalREN at 2, 12-13, and 16-17.

²³ R.13-11-005 Comments of CodeCycle, stating the logic has not changed since D.15-11-015 was issued and citing the Decision at 42, “Governments are responsible for building code compliance, and IOUs are limited to somewhat of an arms-length interaction with those efforts,” at 3 and passim.

- Acknowledge the crucial need for RENs and their ability to adapt and innovate gap filling programs given the shifts occurring in the overall framework of the statewide energy landscape and associated EE programs;
- Recognize the need for increased coordination in EE programs due to territory and sector overlaps and acknowledge the value in the RENs' ability to coordinate among PAs to fill service gaps;
- Conduct a comprehensive analysis of CPUC, CEC, and State goals, to establish baselines, identify service gaps, and a means for evaluating programs based on all benefits to ratepayers, not just cost-effectiveness;
- Establish a methodology for evaluating RENs with standards informed by baselines and identified service gaps, that comprehensively match all REN program delivery benefits, and then assessing if programs effectively meet Commission-approved REN roles.

Respectfully submitted,

/s/ Alejandra Téllez

By: ALEJANDRA TELLEZ

Program Management Analyst, County of Ventura
800 S. Victoria Avenue, L#1940, Ventura, CA 93009
Tel: 805-654-3835, Fax: 805-654-5106
E-mail: alejandra.tellez@ventura.org

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