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COMMENTS OF RISING SUN CENTER FOR OPPORTUNITY ON ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON FUTURE OF REGIONAL ENERGY NETWORKS

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COMMENTS OF RISING SUN CENTER FOR OPPORTUNITY ON ALJ FITCH'S RULING SEEKING COMMENT ON FUTURE OF REGIONAL ENERGY NETWORKS

I. Introduction

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC" or "Commission"), Rising Sun Center for Opportunity ("Rising Sun") respectfully submits these opening comments on the *Administrative Law Judge's Ruling Seeking Comment on Future of Regional Energy Networks* ("Ruling") from our perspective as a mission-driven nonprofit organization and energy efficiency program implementer for hard-to-reach residents. We offer general comments and context and then respond to specific questions set out in the Ruling.

Rising Sun feels that the RENs are successfully fulfilling their criteria and achieving positive results. They contribute to equitable access to energy efficiency programs for underserved ratepayers, a need that otherwise may go unmet.

II. General Comments and Context

Rising Sun Center for Opportunity (formerly Rising Sun Energy Center) is a local nonprofit that operates job training and employment programs for underserved youth and adults to address climate change and economic inequity. Our mission is to empower individuals to achieve environmental and economic sustainability for themselves and their communities. Rising Sun was founded in Santa Cruz, CA in 1994 as a renewable energy education center. Today, Rising Sun has offices in Oakland and Stockton and runs two main programs, Opportunity Build and Climate Careers, and operates in the nine-county Bay Area and in San Joaquin County in the Central Valley.

Rising Sun has delivered high-quality direct install energy efficiency services to over 46,600 residential sector customers through its Climate Careers program since 2000, simultaneously providing energy-related career pathways for over 1,700 local youth. Climate Careers prepares low-income youth for meaningful careers in the clean economy by training and employing them to deliver no-cost energy efficiency services to single-family and multifamily homes in their communities.

Rising Sun designed and first implemented Climate Careers in 2000 with support from the City of Berkeley. In 2006, Rising Sun proposed Climate Careers program to PG&E and became a third-party program operating in two Local Government Partnerships (LGPs) – Marin and East Bay. The success of the program in serving local government partnerships, employing local youth, conducting outreach, and delivering energy savings to underserved residents led PG&E to expand Climate Careers into Solano County in 2013, San Joaquin County in 2014, and Sonoma County in 2016. Rising Sun has also contracted with MCE Clean Energy, in 2013 and 2016, to implement Climate Careers.

Beginning in 2018, residential and small-medium (SMB) energy efficiency programs were removed from LGP portfolios through the Energy Efficiency Business Plan process. Simultaneously, the definition of hard-to-reach customers became narrower, and a greater emphasis was put on cost-effectiveness as measured by TRC, the threshold for which was also raised. For Rising Sun, which operated within the LGPs and focused primarily on hard-to-reach customers, this nearly meant the end of Climate Careers. Rising Sun was faced with terminating employment for 100 low-income young adults, shrinking from serving 6 counties to 2 cities, eliminating energy efficiency services to 2,000 underserved residents, and laying off 19% of our full-time staff.

Fortunately, PG&E was able to shift elements of Climate Careers to its residential portfolio for 2019, restoring about 50% of the program. The program and its impact still would have shrunk substantially had it not been for BayREN. In 2019, Climate Careers became part of the BayREN Single-Family program, allowing Rising Sun to continue working with local governments (counties) and underserved customers across an even broader regional territory than before. BayREN’s hard-to-reach focus, prioritization of both energy and non-energy benefits, regional scope and scalability, and ability to take on activities that utilities do not undertake allowed this to happen. This is one concrete example a REN filling a crucial gap and ensuring that hard-to-reach ratepayers benefit from the energy efficiency programs they help to fund.

Considering all the other changes taking place as a result of the rolling portfolio and energy efficiency business plans, we fear that limiting or discontinuing the work of the RENs will leave underserved ratepayers without meaningful programs, which is not the intent of the

Commission. We also feel that there is an opportunity to view this Ruling through the lens of the Commission's recently-approved Environmental and Social Justice (ESJ) Action Plan, as there is overlap in the ESJ communities identified and prioritized in that plan (as well as in the Disadvantaged Communities Advisory Group's Equity Framework) and the hard-to-reach communities targeted by RENs.

We support the Association of Bay Area Governments' request "that a Commission (staff) led workshop be held and the stakeholder input provided therein be considered prior to a Commission Decision regarding the RENs."[1]

III. Responses to Specific Questions

1. <u>*Threshold REN policy.*</u> *Are RENs still appropriate (new or existing) in light of likely geographic overlap, and/or portfolio overlap, with CCAs and LGPs? Why or why not? What unique value do RENs bring, if any, compared to CCA or LGP programs?*

Yes, RENs are appropriate and valuable.

RENs offer opportunities for collaboration and coordination rather than overlap and can operate at a regional scale while also maintaining local relevance and focus. Further, most CCAs are not offering energy efficiency programs. Based on Rising Sun's experience with BayREN and the five local government partnerships Rising Sun was historically part of, we find that government partnership and collaboration are a central and unique characteristic of a REN. As the Local Government Sustainable Energy Coalition points out, "RENs build local governments' capacity to effectively advance energy management projects and programs."[2] If "RENs were intended to augment or supplement the LGPs"[3], and LGPs have now been largely "dismantled"[4] – then the role of RENs may be more important than ever, particularly as California works to meet is ambitious energy efficiency and greenhouse gas emissions goals.

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[1] R.13-11-005, Opening Comments, Association of Bay Area Governments, p. 2
[2] R.13-11-005, Opening Comments, Local Government Sustainable Energy Coalition, p. 3
[3] R.13-11-005, ALJ's Ruling Seeking Comment on Future of Regional Energy Networks, p. 1
[4] A.17-01-013 *et al.*, Opening Comments of the City and County of San Francisco, p. 6

2. *Existing REN policy.* *Should the Commission consider cancelling REN programs after the expiration of the current business plan period? Why or why not?*

No. First, as the Ruling notes, the RENs have experienced multiple successes and also have not had the opportunity for conclusive evaluation.[5] Second, they fill a gap in services not provided by the IOUs. Third, they play an even more important role now that LGPs are being downsized or discontinued. Fourth, RENs are expressly directed to serve hard-to-reach and underserved markets that would be otherwise be left behind due to problematic cost-effectiveness formulas and requirements. They play a major role in ensuring equitable access to energy efficiency programs for all ratepayers. Fifth, RENs can "help address yet-unknown challenges presented by the climate crisis"[6] and bring regional, coordinated, and locally-responsive resources to bear on integrated issues such as water conservation, climate adaptation, GHG emission reduction, and more.

3. *New REN policy.* *Should the Commission consider discontinuing the opportunity for formation of new RENs? Or should the Commission consider new REN proposals?*

We see no reason, provided RENs are offering effective programs, to restrict the expansion of existing RENs or formation of new RENs, particularly if they can continue to serve hard-to-reach and underserved customer segments equitably and in a way others cannot.

4. *Criteria for REN evaluation.* *Are the criteria adopted in D.12-11-015 and reaffirmed in D.16-08-019 still the appropriate criteria to apply to RENs and their programs? Or should new or different criteria be developed and applied?*

Rising Sun agrees with LGSEC and ABAG that the third criteria could be amended to include both "hard-to-reach" and "underserved" customer segments. These customers pay for energy efficiency programs, but experience significant barriers to program participation and access, particularly to untargeted, mainstream programs. In Rising Sun's experience in the residential market, this can include low-to-moderate income residents, renters, multifamily

[5] R.13-11-005, ALJ's Ruling Seeking Comment on Future of Regional Energy Networks, p. 5
[6] R.13-11-005, Opening Comments, Sonoma Clean Power, p. 2

residents, seniors, individuals with disabilities, and non-native English speakers.

5. *<u>Application of REN criteria.</u> Should REN programs be required to meet all of the criteria from D.12-11-015 and not just one? Why or why not?*

No. We agree with Sonoma Clean Power that "this would unnecessarily constrain the ability of RENs to develop programs that contribute to statewide goals."[7]

6. *<u>New REN geography.</u> Should the Commission consider proposals for formation of new RENs that overlap with existing or other new REN proposals? Why or why not?*

Rising Sun has no comment at this time.

7. *<u>New REN timing.</u> If you recommend that the Commission consider formation of new RENs, when during the rolling portfolio cycle should such proposals be considered?*

Rising Sun has no comment at this time.

8. *<u>REN sector limitations.</u> Should RENs be limited to delivering programs in specific sectors or to specific populations?*

No. RENs should not be limited in this way, though they should continue to prioritize hard-to-reach and underserved sectors and populations not otherwise served.

9. *<u>REN program types.</u> Should RENs be limited to offering certain types of programs only?*

No. If RENs are to fulfill their original intent, they should not be limited to certain program types, but should fill whatever gaps exist where they can provide effective, accessible, and equitable programming.

10. *<u>Cost-effectiveness requirements.</u> Should RENs be required to meet a certain cost-effectiveness threshold in order to be approved or continued? If so, what level, and why?*

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[7] R.13-11-005, Opening Comments, Sonoma Clean Power, p. 4

So long as RENs are tasked with administering activities that IOUs cannot or will not undertake, piloting new programs, and serving hard-to-reach customers, they should not be held to the same cost-effectiveness requirements as the IOUs (namely, the TRC).

That is not to say that RENs should not be required to run effective and impactful programs, to use ratepayer dollars wisely and responsibly, or that they should not be evaluated and held accountable. Rising Sun, and most organizations and companies involved in this issue, do not have an issue with cost-effectiveness or with delivering maximum benefit for the cost. We do, however, have an issue with TRC as the metric for cost-effectiveness, and with the current threshold set uniformly across portfolios, programs, and customer segments, because it fails to capture the full benefits of energy efficiency programs and makes low cost the sole competitive driver for programs.

RENs run programs that may be more difficult and more costly due to the nature of those they serve; they are limited in the programs they can offer. Underserved customers are hard to reach. That can mean more outreach, more time, more resources on-the-ground – greater cost. That doesn't mean they should be left behind.

Applying the same cost-effectiveness requirements to the RENs without valuing and prioritizing the non-energy benefits they provide will lead to hard-to-reach customers being viewed as an additional cost to serve with no commensurate benefit. As IOUs are disincentivized from serving the hard-to-reach due to the increasing challenges of the high TRC threshold, these customers will continue to be underrepresented and underserved, despite everyone's best intentions.

11. *<u>REN evaluations.</u> Are there specific studies that the Commission should undertake to more directly evaluate the effectiveness of the REN programs thus far? Please describe.*

Rising Sun has no comment at this time.

IV. Conclusions

Rising Sun appreciates the opportunity to provide input and the Commission's consideration of our comments.

Date: April 16, 2019

Respectfully submitted,

By: _____ /s/ _________

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