

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U338E) for Approval of Energy
Efficiency Rolling Portfolio Business Plan.

Application 17-01-013
(Filed January 17, 2017)

And Related Matters.

Application 17-01-014
Application 17-01-015
Application 17-01-016
Application 17-01-017

**RESPONSE TO SCOPING MEMO ATTACHMENT B FROM
THE COUNTY OF VENTURA ON BEHALF OF THE 3C-REN,
TRI-COUNTY REGIONAL ENERGY NETWORK**

Alejandra Tellez, 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
San Luis Obispo County, Santa Barbara County and Ventura County

Dated: June 22, 2017 in Ventura, California

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U338E) for Approval of Energy
Efficiency Rolling Portfolio Business Plan.

And Related Matters.

Application 17-01-013
(Filed January 17, 2017)

Application 17-01-014
Application 17-01-015
Application 17-01-016
Application 17-01-017

**RESPONSE TO SCOPING MEMO ATTACHMENT B FROM THE
COUNTY OF VENTURA ON BEHALF OF THE 3C-REN,
TRI-COUNTY REGIONAL ENERGY NETWORK**

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, respectfully submits this response to the request for supplemental information (Attachment B) outlined in the California Public Utilities Commission (Commission) ADMINISTRATIVE LAW JUDGES RULING MODIFYING SCHEDULE issued June 9, 2017 to Applications A17-01-013, A17-01-014, A17-01-015, A17-01-016 and A17-01-017. 3C-REN response to questions included in Attachment B are presented in and served to all parties in this consolidated proceeding in compliance with the Scoping Memo and Ruling.

I. GENERAL QUESTIONS REGARDING REASONABLENESS OF BUSINESS PLANS: ATTACHMENT B

A. OVERALL PORTFOLIO

4. *How do the business plans align with the (as yet not specifically defined by the California Energy Commission) goal of doubling of energy efficiency by 2030?*

3C-REN respects the ambitious goals of the State and believes that efforts to achieve these goals must be both collaborative and large scale. Should programs continue to be administrated in a business-as-usual mode, it is improbable the State will reach its goals. Existing and potential program administrators (PAs), including Investor Owned Utility (IOU), Community Choice Aggregator (CCA), and Regional Energy Network (REN) PAs, each bring unique benefits to the overall portfolio that can be leveraged for the benefit of all ratepayers. The IOUs are positioned to administer statewide programs and upstream incentive programs and drive customers towards online tools and resources. In contrast, REN and CCA PAs excel at locally adapted, high-touch programming providing on-the-ground engagement, which compliments and enhances IOU programming. Both of these approaches, and others, will be required to meet State goals.

To achieve the goal of doubling energy efficiency by 2030, all parties will need to be leveraged to their greatest strengths and utility. 3C-REN is poised to administer interventions in sectors where outcomes are optimized by high-touch programs that are close to the Region's diverse market base, specifically Residential and integrating Workforce Education and Training, and Codes and Standards (as it applies to field compliance). Similarly, the State will need to capture all data from the market, including challenging areas like hard-to-reach, PACE activity, and unpermitted retrofit installations. RENs are uniquely well positioned to administer programs that address these challenges and reach areas that are not readily accessible by IOUs.

a. Do the plans put us on a trajectory path toward this goal?

Due to the nature and needs of the market, the REN's efforts will maximize effectiveness of larger scale efforts conducted by IOU partners to produce complementary outcomes. Collaborative efforts from all existing and potential PAs will put the State on a practical trajectory where State goals may be achieved.

b. If not, in what way(s) might the PAs need to modify their business plans, and how might budgets need to change, in furtherance of this goal?

Going forward, IOU PA's will be out-sourcing most program implementation and serve a largely administrative role in the management of their portfolios. 3C-REN believes this will lead to a more diversified free market which represents value for the State. 3C-REN is also aware that actualizing the State's energy efficiency potential will require market actors that are mission driven rather than profit driven. Hence, we advocate for selected segments of the State's EE Portfolio to be administered by municipalities where there is savings potential that is not attractive to private industry, as is the case in hard to reach communities.

5. What do the business plans' cost-effectiveness estimates indicate about the long-term trajectory of the portfolios, and about the potential need for policy changes in order to advance the 2030 goal of doubling energy efficiency, while maintaining long-term cost-effectiveness?

In line with BayREN¹ and SoCalREN², 3C-REN³ is supportive of an effective and comprehensive evaluation framework that encourages programs and portfolios to be as

¹ BayREN Energy Efficiency Business Plan 2018-2025, 1.19 Evaluation and Benefits Framework, p. 1.19-21

cost-effective as possible in the use of rate-payer funds. It is 3C-REN's opinion that the current Total Resource Cost test (TRC) and the Program Administrator Cost test (PAC) do not comprehensively reflect how programs apply resources toward reaching State goals. Legislation such as SB 350 makes the goal of lowering greenhouse gas (GHG) emissions across the State a priority, yet present cost-effectiveness measurements provide neither a cost to emissions nor a benefit for their reduction. This specific issue is being addressed in a separate proceeding (Rulemaking R.14.10.003), and modified scenarios are included in the Energy Efficiency 2018 and Beyond Potential and Goals Study. 3C-REN would like to express its support for the Energy Division's proposed Societal Cost Test and interim GHG Adder scenarios. 3C-REN asserts that it is critically important to align CPUC policies with the State's goals and objectives, as required by statute. GHG emissions and societal benefits must be accounted for so that all PAs and stakeholders have a more accurate framework to determine what kinds of programs and activities should be undertaken to achieve State goals.

E. REN PROPOSALS

14. *Do the REN proposals meet the objectives laid out in D.12-11-015 and D.16-08-019?*

3C-REN asserts that the REN proposals clearly meet the objectives laid out in D.12-11-015 and D. 16-08-019. The RENs are all regional in nature and offer unique programming that provides the opportunity for market transformation, energy savings, and ultimately value for ratepayers. The REN proposals (BayREN⁴, SoCalREN⁵, and

² SoCalREN Energy Efficiency Rolling Portfolio Business Plan 2018-2019, SoCalREN Residential Sector Chapter p.6- 9

³ 3C-REN BP, 3.2 Evaluation Benefits Framework, p. 21-23

⁴ BayREN Energy Efficiency Business Plan 2018-2025 (BayREN BP), p.1.4-5, 1.23, and 4.1-2

⁵ SoCalREN Energy Efficiency Rolling Portfolio Business Plan 2018-2019 (SoCalREN BP), SoCalREN Meeting CPUC REN Goals, p. 4-8,

3C-REN⁶) afford the State and the Commission the opportunity of proven concepts in smaller markets and allow for hard-to-reach ratepayers to receive equity in services. In particular, 3C-REN has proposed innovative “customer focused” program design⁷ to generate greater levels of participation through stronger value propositions and maximized energy savings outcomes from all touches. IOUs do not define this type of approach for the 3C-REN’s service territory, which indicates that the utilities do not intend to undertake similar intervention strategies. Additionally, 3C-REN’s territory is remote (hard-to-reach) from population centers where IOU operations are based and greater resources exist. The RENs collaborating and implementing complimentary programs to the IOUs are aligned with the statewide goals. Thus, the BayREN, SoCalREN and 3C-REN business plan proposals are aligned with the objectives detailed in D. 12-11-015 and D.16-08-019.

15. Are they cost-effective and targeted at the types of gap-filling and value-added activities envisioned in those decisions?

Although the Commission has determined that cost-effectiveness tests as they apply to IOU resource programs, do not apply to the RENs because of the nature of the services provided, 3C-REN agrees that all programs should be as cost-effective as possible. Commission Decision D.12-11-015⁸ states “the Commission will not set a threshold cost-effectiveness level, either TRC or PAC, for RENs at this time. Rather, the dual test for overall portfolio cost effectiveness, taking into consideration passing both the TRC and PAC tests for each service territory and for the entire approved portfolio, including all non-IOU PAs, will continue to govern the Commission’s cost effectiveness for the energy efficiency programs.” 3C-REN reiterates that REN costs and savings are appropriately rolled into the larger portfolios of their IOU partners. By the very nature of

⁶ 3C-REN BP, passim, p.2, and p. 25

⁷ 3C-REN BP, Figure3: Homeowner Value Proposition Graph, p. 16.

⁸ CPUC Decision D.12-11-015, November 8, 2012, p. 17-18.

how RENs activities are defined (e.g. “pilot activities in hard-to-reach markets”) RENs address market segments that are typically not as cost-effective (if they are in fact considered to be resource programs). Nevertheless, it is 3C-REN’s intention to develop improved programs that enhance services, cost savings, energy savings and other benefits to increase participation while continuing to improve overall cost-effectiveness. 3C-REN will engage in market change activities and seek to serve hard-to-reach customers, who in the past have not had access to or generally have not participated in energy efficiency programs.

Gaps in services can be filled with the activities outlined in the 3C-REN BP for mutual benefit. REN PAs excel at locally adapted programming, providing on-the-ground engagement, which complement and enhance IOU programs. Additionally, REN programs are designed to target residents in both the hard-to-reach and disadvantaged communities within the service territory. The RENs provide added value to local residents while assisting with meeting State goals to provide further services to these markets. Specifically, 3C-REN’s programs are designed to fill gaps and provide value to customers, as well as to be as cost-effective as possible for the market sectors it addresses.

O. RELATIONSHIP TO THE COMMISSION’S DISTRIBUTED ENERGY RESOURCE ACTION PLAN

30. *Do the business plans align with the Commission’s Distributed Energy Resource Action Plan?*

Collectively the business plans align with the overall vision outlined in the Commission’s Distributed Energy Resource Action Plan (the Plan). However, some elements of the Plan are outside of the scope of the EE proceeding (e.g. solar, energy storage, etc.) and cannot be sufficiently addressed in the business plans. Specifically, the current process does provide the opportunity to design programming that integrates EE with solar and energy storage. This integration is critical to achieving Zero Net Energy (ZNE) goals.

31. *What should be improved to ensure alignment with the DER Action Plan?*

3C-REN would encourage and support the Commission's consideration in developing a process where all types of DERs can be incorporated into the program design outlined in the business plans and provide an opportunity to fund those activities concurrently.

P. COVERAGE OF DISADVANTAGED COMMUNITIES AND HARD TO REACH MARKETS

32. *What should be improved to ensure that the business plans address the needs of hard to reach markets and disadvantaged communities?*

To ensure the business plans address the needs of hard-to-reach audiences and disadvantaged communities, there must be consensus on how these groups are defined. It is 3C-RENs position that these markets should be clearly defined as distinct, non-interchangeable target groups to ensure programs are designed to meet all gaps in energy efficiency program services or participation.

3C-REN supports the Energy Efficiency Policy Manual definition of hard-to-reach, which includes program participation and geographical considerations, and defines hard-to-reach customers as "those customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a language, income, housing type, geographic, or home ownership (split incentives) barrier."

3C-REN also supports the California Energy Commission definition that states, "Disadvantaged communities are communities designated by CalEPA, pursuant to Senate Bill 535 (De León), using the California Communities Environmental Health Screening Tool ("CalEnviroScreen"). CalEnviroScreen was developed by the Office of Environmental Health Hazard Assessment to identify communities in California most burdened by pollution from multiples sources and most vulnerable to its effects, taking

into account socioeconomic characteristics and underlying health status. Disadvantaged communities are identified by census tract and are those that scored at or above the 75th percentile.”

3C-REN’s programs are designed to address both the hard-to-reach audience (those who do not readily have access or do not generally participate in energy efficiency programs) and disadvantage communities (those in communities with human health and socioeconomic status concerns) who reside within the territory. The RENs offer gap-filling services where utility services have struggled to reach in regions with low program participation. The 3C-REN BP seeks to address the barriers of a region that has hard-to-reach customers with ample savings opportunities as well as addressing the non-energy benefits that touch on disadvantaged communities’ needs. The Counties of San Luis Obispo, Santa Barbara, and Ventura are experienced in delivering downstream programs in this region and are best poised to design and administer the proposed interventions in the region. The REN’s innovative program delivery have the potential to provide a successful and scalable approach for addressing the needs of hard-to-reach markets.

II. APPROVAL PROCESS

33. *Should cost-effectiveness thresholds be applicable to REN portfolios now or in the future? How should this be implemented?*

Cost-effectiveness, as applied to IOUs, has been determined by the Commission to not apply to the RENs. As stated above, RENs offer innovative program delivery that has strong potential for success and scalability to engage hard-to-reach markets. The RENs should be evaluated separately as a complimentary addition to the IOU Statewide programs, and not in comparison. The 3C-REN region would benefit from the 3C-REN BP high-touch, customer-focused approach that increases the value of participation for customers in a way that the IOUs do not intend. Non-resource programs hold a value, offer equal access to services and provide more comprehensive approaches than those offered by the IOUs alone, and capture non-energy efficiency benefits that cannot be

delivered by other means or measured with current TRC and PAC tests. Therefore, being held to the same cost-effectiveness criteria as the IOU's is impractical. 3C-REN is committed to becoming cost-effective over time under a REN evaluation framework by meeting the metrics outlined in our Business Plan and continuing the conversation on any future cost-effectiveness thresholds for REN's.

37. *How should the potential for overlap between CCA, REN, and utility programs be identified, planned for, and managed?*

3C-REN is supportive of efforts to identify, plan for, and manage potential overlap amongst CCA, REN, and utility programs, and believes that some safeguards are already in place. PAs have already had some success reducing the potential for overlap by conducting regular meetings and discussions that foster collaboration, information sharing, and coordination of program offerings in an effort to more effectively utilize ratepayer dollars. The success of these activities was noted in the REN EM&V Study conducted by Opinion Dynamics in which they highlighted the fact that “the RENs and the IOUs have coordinated well.”

3C-REN has historically worked collaboratively with each of the IOU's. We participate in monthly meetings about various programs that operate in the tri-counties region. 3C-REN is involved with the IOU's in local government partnerships, peer-to-peer stakeholder groups and will continue to work together to address any issues related to overlap of services.

REN, CCA, and IOU PAs each bring unique skills and approaches to energy efficiency programming that can be leveraged for the benefit of all ratepayers to reduce program overlap. Aligning all programming with the specific skillset of each PA will minimize duplication. RENs and CCAs are better suited to offer locally adapted programming and high touch, on-the-ground engagement that compliments and enhances IOU programming. Both are needed to reach the State's energy related goals.

Additionally, the creation of the California Energy Efficiency Coordinating Committee (CAEECC) has provided a valuable forum for public input and stakeholder feedback. The CAEECC process has, and should continue to be, a valuable tool to identify overlap and encourage additional collaboration amongst all stakeholders this will allow program implementers to better plan for and manage duplicative programming.

Rather than creating new processes, 3C-REN encourages the use of existing framework to further manage the possibility of overlap of programs.

III. STATEWIDE PROGRAMS - SOLICITATION STRATEGIES

43. *The three electric IOUs anticipate using a Procurement Review Group (PRG)/ Independent Evaluator (IE) model to oversee the solicitation process for competitive offerings of statewide and local programs for implementer bids. In such a framework:*

e. *What parallel or equivalent process is needed by SCG and the RENs and MCE?*

The processes for solicitation among the RENs and the Marin Clean Energy⁹ (MCE) CCA are parallel, having a transparent¹⁰ bidding equivalent and procedures that follow local government and state guidelines. The 3C-REN¹¹ will follow current bidding and solicitation rules set by the Tri-Counties Board of Supervisors, as led by the County of Ventura, and will leverage the expertise and resourcefulness of local governments for program design and delivery. The 3C-REN will continue to engage with the IOUs and

⁹ MCE Energy Efficiency Business Plan, 14.4 Management and Staffing Resources, p.129-130

¹⁰ SoCalREN BP, Portfolio Summary, G. Solicitation Strategies, p. 16

¹¹ 3C-REN BP, 4.0 Solicitation Plan, p. 25

the PRG process in determining how the RENs may apply common PA procurement channels¹² and share best practices regarding the local government process.

¹² BayREN BP, Overview, Solicitation Plan, p. 1.23