



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

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Order Instituting Rulemaking to Investigate and  
Design Clean Energy Financing Options for  
Electricity and Natural Gas Customers

Rulemaking 20-08-022  
(Filed August 27, 2020)

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**COMMENTS OF THE SOUTHERN CALIFORNIA REGIONAL ENERGY  
NETWORK REGARDING ORDER INSTITUTING RULEMAKING TO  
INVESTIGATE AND DESIGN CLEAN ENERGY FINANCING OPTIONS FOR  
ELECTRICITY AND NATURAL GAS CUSTOMERS**

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For:  
The Southern California Regional Energy Network

October 5, 2020

## **I. INTRODUCTION**

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission's ("Commission") and in response to the Assigned Commissioner and Administrative Law Judge's response to the *Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers* ("OIR") dated August 27, 2020, the County of Los Angeles, on behalf of the Southern California Regional Energy Network (SoCalREN), respectfully submits these comments.

## **II. INTEGRATED FINANCING PROGRAMS**

The SoCalREN understands that financing is at the core of overcoming the cost and risk barriers associated with the transition toward a clean energy future. SoCalREN appreciates and commends the Commission's forward-thinking efforts to explore options that encourage large-scale and deeper investments in clean energy resources at customer sites. SoCalREN supports the Commission's efforts to advance financing programs and integrate energy investments across multiple clean energy resources, including energy efficiency, distributed generation, electric vehicle infrastructure and energy storage at customer sites. In most cases, existing financing programs are restricted to a single clean energy resource. SoCalREN believes that local government and residential customers will greatly benefit from the consolidation of financing programs to enable investments across multiple clean energy resource projects to meet their specific energy needs.

## **III. TARGETED APPROACHES TO CLEAN ENERGY FINANCING**

To successfully implement a widespread approach for this comprehensive clean energy financing effort, the Commission should consider examples of strategies that have been successful outside of California and consider targeting areas that are underserved and those that are susceptible to unexpected shut-off situations. Providing comprehensive financing options will remove critical financial barriers, especially for hard-to-reach (HTR) areas and disadvantaged communities (DAC) who typically lack the capital and information to implement innovative technologies. The availability of multiple financing options will provide much needed flexibility and choices for such customers who typically have constrained budgets.

In addition, presenting several multiple clean energy options at the same time will allow HTR areas and DACs to fully comprehend the various types of projects available to meet their needs. Providing multiple financial and clean energy project options will allow greater flexibility for customers to create and pick a unique solution that best caters to their financial and operational constraints. Also, the use of comprehensive financial options will provide incentive for contractors to serve traditionally HTR segments, including rural areas, as it is typically not cost-effective for contractors to travel and develop complex clean energy projects in such areas<sup>1</sup>. Providing a comprehensive, yet simple financing solution will attract more contractors to potentially implement multiple advanced clean energy technologies benefitting HTR and DAC areas.

With the increase of destructive wildfires in California<sup>2</sup> and resulting Public Safety Power Shutoff (PSPS) events<sup>3</sup>, there is a greater importance on properly managing the electric and natural gas resources during deenergizing events to minimize the subsequent negative economic and community impacts<sup>4</sup>. The Commission should explore developing targeted strategies and mechanisms for customers who are more susceptible to power and gas shut off events. The implementation of clean energy technologies, such as microgrids and resiliency strategies<sup>5</sup>, will help minimize detrimental community impact during shutoff events. Providing additive motivation, such as additional funding or reduced eligibility requirements, for specific customers will increase the amount of clean energy installations and further promote widespread community benefits.

Lastly, the Commission should also explore examples of successful comprehensive clean energy financing solutions from different states and/or countries. For example, the Massachusetts Sustainable Energy Economic Development (SEED) Initiative provided loans for companies to develop innovative technologies<sup>6</sup>. The loans were favorably structured to offer deferred debt payments during the first two years and interest payments for a short period afterwards. If the development company received additional qualified funding, such as venture

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<sup>1</sup> See <https://www.aceee.org/sites/default/files/publications/researchreports/u1807.pdf>, p.6.

<sup>2</sup> See <https://lao.ca.gov/Publications/Report/3918>; Figure 7.

<sup>3</sup> See <https://www.cpuc.ca.gov/deenergization/>

<sup>4</sup> See <http://www.lakecountycal.gov/Government/PressReleases/PSPSImpact.htm>

<sup>5</sup> R.19-09-009

<sup>6</sup> Public Finance Mechanisms to Catalyze Sustainable Energy Sector Growth, Sustainable Energy Finance Initiative, United Nations Environment Programme, 2005.

capital, the debt would convert into equity. Leveraging successful strategies and lessons learned from experiences both inside and outside of California will equip parties in this proceeding with sufficient broad background information to properly decide the most appropriate course of action moving forward. SoCalREN recommends performing market research on clean energy financing mechanisms and programs around the country and adopting best practices for the California market.

#### **IV. CONCLUSION**

SoCalREN appreciates the opportunity to comment on the Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options and requests the Commission to strongly consider SoCalREN's comments.

Respectfully submitted,

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