



ALJ/JF2/smt 7/6/2021

FILED
07/06/21
10:43 AM

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

**ADMINISTRATIVE LAW JUDGE'S RULING SEEKING
COMMENT ON INLAND REGIONAL ENERGY
NETWORK BUSINESS PLAN**

Summary

This ruling seeks further comment on specific questions related to the business plan proposal of Inland Regional Energy Network (I-REN).

Parties are invited to provide comments responding to questions included in this Ruling by no later than July 21, 2021. Reply comments are invited by no later than July 30, 2021.

1. Procedural Background

On February 26, 2021, the Western Riverside Council of Governments (WRCOG) filed a motion on behalf of the I-REN for approval of its energy efficiency rolling portfolio business plan and budget.

Due to some confusion about the due date for responses, three motions for late-filing were filed, as follows: Southern California Edison Company (SCE), on April 6, 2021; Southern California Gas Company (SoCalGas) on April 9, 2021; and a joint motion by the Association of Bay Area Governments (ABAG) and County of Ventura, on behalf of the Bay Area Regional Energy Network (BayREN) and

the Tri-County Regional Energy Network (3C-REN), on April 13, 2021. The motions to late-file responses were granted by Administrative Law Judge (ALJ) ruling on April 19, 2021, and therefore, the three responses were filed on the above dates.

With ALJ permission, WRCOG filed a reply to the responses on April 22, 2021.

2. I-REN Motion

WRCOG filed the February 26, 2021, motion on behalf of itself, the San Bernardino Council of Governments (SBCOG) and the Coachella Valley Association of Governments (CVAG) to form the I-REN, as a consortium to serve these public agencies and their constituencies within SCE and SoCalGas service territories.

The motion proposes to cover three specific program areas:

- Public Sector
- Workforce Education & Training (WE&T)
- Codes and Standards (C&S).

The proposed budget for I-REN for 2021-2025 is \$50,700,108, which also covers evaluation, measurement, and verification (EM&V) costs.

Table 1 below is from the I-REN business plan and summarizes the I-REN business plan budget request.

Table 1. I-REN Business Plan Program Initial Budget Request (\$)

Sector	2021	2022	2023	2024	2025	Total
Public Sector	4,314,226	6,288,194	6,191,722	6,629,390	7,074,566	30,498,098
WE&T	2,312,208	2,253,295	2,393,426	2,437,164	2,674,650	12,070,743
C&S	1,416,066	1,446,107	1,503,952	1,564,110	1,626,674	7,556,909
EM&V	92,154	114,441	115,604	121,810	130,349	574,348
Total	8,134,654	10,102,037	10,204,704	10,752,474	11,506,239	50,700,108

According to the motion, the request is designed to complement SCE's and SoCalGas' portfolios. The I-REN business plan also references guidance in Decision (D.) 15-10-028 and was vetted through the stakeholder process at the California Energy Efficiency Coordinating Committee (CAEECC).

3. Responses to Motion

SCE's response to the I-REN motion generally argues that the I-REN motion should be delayed and considered alongside the updated business plans of the other program administrators, which, at the time of the filing of the response, would have been September 2021. Since the filing of SCE's response, D.21-05-031 has set the date for filing of new business plans for February 15, 2022.

SCE also argues there is insufficient time to rule on this application and develop joint cooperation memoranda (JCMs) between the program administrators with overlapping service areas, since the JCMs for 2022 programs were filed on June 15, 2021.

Finally, SCE argues that the I-REN budget is too high and inconsistent with D.19-12-021, which describes guidance on appropriate REN budgets, and recommends budgets be proportional to the relevant utility budgets in the same geographic territory.¹ Based on this guidance, SCE argues that the I-REN budget should be no more than approximately \$725,000 per year, whereas I-REN's proposed budget is more than ten times higher.

SoCalGas' response to the I-REN motion also recommends similar to SCE that I-REN's proposal be considered at the same time as the review of the business plans of the other program administrators. However, SoCalGas notes

¹ See D.19-12-021 at 37-39, as well as D.14-01-033, Section 3.2.4.3.

that I-REN has been planning its proposal since 2019 and therefore an alternative would be to consider the portion of I-REN's application covering 2022 and 2023, while also requiring a long-term application in parallel with the other program administrators.

SoCalGas also highlights the importance of the JCMs and suggests that I-REN be directed to work with its partner program administrators within 60 days of any approval of its business plan.

Finally, SoCalGas volunteers to serve as the fiscal agent utility on behalf of the I-REN, should the Commission approve the I-REN business plan, and states that this has been discussed with I-REN and I-REN is amenable to this arrangement.

BayREN and 3C-REN argue that the WRCOG motion for the I-REN provides a strong showing for the creation of a new REN and will provide vital programs in a hard-to-reach part of the State. BayREN and 3C-REN argue that extending the I-REN's proposed programs into the Inland Empire will benefit ratepayers by providing more comprehensive services in an efficient manner.

BayREN and 3C-REN also reference the Commission's Environmental Justice Plan. Finally, BayREN and 3C-REN point out that the I-REN proposal was already vetted at the CAEECC, and that feedback was incorporated into the proposal in the February 26, 2021 motion.

4. I-REN Reply to Responses

In reply to the responses to the original February 26, 2021, motion, WRCOG on behalf of the I-REN (including SBCOG and CVAG) addresses the following topics:

- Expedited business plan approval in 2021 is needed for I-REN constituents;
- Commission guidance is requested regarding portfolio process, timing, and alignment with other program administrators;
- JCMs and local government partnerships (LGPs);
- I-REN's budget is appropriate and consistent with D.19-12-021; and
- I-REN supports the SoCalGas fiscal agent proposal.

I-REN specifically requests that the Commission consider its proposal and budget in 2021, in order to begin delivering programs as soon as possible, because the under-served region needs services now. I-REN also represents that it is prepared to submit JCMs within 60 days of business plan approval, as suggested by SoCalGas.

I-REN responds to SCE's suggestion that its budget is too high by showing the recent decline in SCE's total energy efficiency budgets between 2017 and 2021, with particular attention to the budgets allocated for non-statewide and non-regional programs, arguing that local government spending has declined and there is a gap that can be filled by I-REN.

5. Discussion

This ruling indicates that the I-REN motion of February 26, 2021, will be considered in this proceeding independent of the new business plan and portfolio applications due to be filed February 15, 2022, as discussed in D.21-05-031. I-REN correctly points out that since it is not yet considered a program administrator, and because its motion was filed before D.21-05-031 was adopted, the provisions of D.21-05-031 do not apply to its portfolio. Therefore, the I-REN proposal will be considered in parallel here prior to the new business plan filings in 2022 from the current program administrators.

In order to assist the Commission in rendering a decision on I-REN's proposed business plan in 2021, this ruling asks parties to respond to a series of questions in the next section on the substance of the I-REN motion. I-REN (or its supporting councils of governments) may also respond to these questions from its perspective, though many are already addressed in their business plan itself, and I-REN may also point to these relevant sections, as appropriate, in its comments.

6. Questions for Parties

This ruling seeks comments from parties on the following questions. All interested parties may file and serve comments on all questions no later than July 21, 2021. Reply comments may be filed and served by no later than July 30, 2021.

1. This ruling proposes two options for Commission consideration of funding I-REN's business plan:
 - Option 1: Consider funding for program years 2022 and 2023, and assuming some portion of the I-REN proposal is funded for those years, then ask I-REN to file a program portfolio and business plan in February 2022 alongside other program administrators for program years 2024-2027.
 - Option 2: Consider funding for program years 2022-2027, and assuming some portion of the I-REN proposal is funded for those years, then ask I-REN to file a program portfolio and business plan in February 2026 alongside other program administrators for post-2027 programs.

For Option 2, I-REN would need to provide a budget estimate for 2026 and 2027 for the Commission and parties to respond to in reply comments.

All parties may comment on their preferred option and why is it the most reasonable. Alternatively, parties may propose an alternative and explain the rationale.

2. Does the I-REN business plan make a clear and compelling argument about the gaps in programs that are currently offered in their region? If so, are the I-REN strategies and programs a reasonable approach to filling these gaps? Why or why not?
3. Does the I-REN business plan make a clear and compelling case for their unique value? Are the sectors and programs proposed uniquely suited to I-REN's potential strengths and experience? Explain.
4. The I-REN business plan proposes offerings in the areas of public sector, codes and standards, and workforce, education, and training. Are these programs and sectors appropriate for the proposed region? Explain your rationale.
5. Explain how and why I-REN's proposed portfolio is complementary (or not) to the portfolios offered by other program administrators in the same geographic area who also offer similar programs and cover similar sectors.
6. Explain how I-REN's proposal does or does not comply with D.19-12-021 and any other Commission requirements for REN proposals.
7. Comment on whether I-REN's proposal properly addresses metrics of success against which to measure the I-REN's performance.
8. Comment on the reasonableness of I-REN's proposed annual budgets. If you believe that I-REN's proposed budget should be modified, provide an alternate budget and a justification for its basis.
9. Comment on whether and how much of I-REN's proposed budget for 2021 should be included in their overall budget, if the Commission approves the business plan before the end of 2021.

10. Discuss how the I-REN business plan advances the goals and objectives of the Commission's Environmental and Social Justice Action Plan.²
11. Comment on the I-REN plans to serve hard-to-reach communities, disadvantaged communities, and under-served communities. Do you recommend any changes to I-REN's approach to serving these communities and groups and tracking those reached and served?
12. With significant changes to the business plan process just adopted by the Commission in D.21-05-031, explain how, if at all, the I-REN business plan and portfolio needs to be adapted to conform to these changes.

IT IS RULED that:

1. Interested parties are invited to comment in response to this ruling and the questions in Section 6 by filing and serving comments by no later than July 21, 2021.
2. Interested parties may file and serve reply comments in response to this ruling and its questions in Section 6 by no later than July 30, 2021.

Dated July 6, 2021, at San Francisco, California.

/s/ JULIE A FITCH
Julie A. Fitch
Administrative Law Judge

² The Commission's Environmental and Social Justice Action Plan is available at the following link: https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Energy/EnergyPrograms/Infrastructure/DC/Env%20and%20Social%20Justice%20ActionPlan_%202019-02-21.docx.pdf