

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



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Application of Pacific Gas and Electric  
Company for Approval of 2024-2031 Energy  
Efficiency Business Plan and 2024-2027  
Portfolio Plan (U39M).

And Related Matters

Application 22-02-005  
(Filed on February 15, 2022)

Application 22-03-003  
Application 22-03-004  
Application 22-03-005  
Application 22-03-007  
Application 22-03-008  
Application 22-03-011  
Application 22-03-012  
(Consolidated)

**RESPONSE OF THE SOUTHERN CALIFORNIA REGIONAL ENERGY  
NETWORK (CPUC #940) ON CONSOLIDATED ENERGY EFFICIENCY 2024-  
2031 BUSINESS PLAN APPLICATIONS**

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For The Southern California Regional Energy  
Network

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## **I. INTRODUCTION**

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission or CPUC) Rules of Practice and Procedure, the County of Los Angeles on behalf of the Southern California Regional Energy Network (SoCalREN) submits the following response to the applications of Pacific Gas and Electric (PG&E), San Diego Gas and Electric (SDG&E), Southern California Edison (SCE), Southern California Gas Company (SoCalGas), Bay Area Regional Energy Network (BayREN), Tri-County Regional Energy Network (3C-REN), Rural Regional Energy Network (RuralREN), and Marin Clean Energy (MCE) filed on March 4, 2022.

## **II. SOCALREN RECOMMENDS THE TIMELY APPROVAL OF ALL PROGRAM ADMINISTRATORS' BUSINESS PLAN APPLICATIONS TO HELP CALIFORNIA MEET ITS CLEAN ENERGY GOALS**

SoCalREN supports all the Program Administrators' (PAs') 2022 Business Plan applications (PG&E, SDG&E, SCE, SoCalGas, BayREN, 3C-REN, RuralREN, and MCE) as filed on March 4, 2022. SoCalREN recognizes all the PAs' extensive work and analysis to develop comprehensive Business Plans that not only considered market needs but also long-term economic impacts resulting from the COVID-19 pandemic. Each application provided detailed information regarding the challenges and opportunities within the EE marketplace, where the PAs would like energy efficiency savings developed, and what policies are important to facilitate energy efficiency in the long term. In addition, each PA's Business Plan provides critical short-, near- and long-term strategies to meet the State's energy needs through a cost-effective solution: energy efficiency.

The California Energy Commission's (CEC) 2019 California Energy Efficiency Action Plan describes how the state is expected to fall short of Senate Bill 350 (SB 350) goals. The CEC report estimates that California will fall about 20 percent short of the 2030 doubling goal for combined

electricity and natural gas savings and 44 percent short of the 2030 doubling goal for electricity savings unless additional activities are taken.<sup>1</sup> SCE's 2021 *Mind the Gap: Policies for California's Countdown to 2030* policy paper recommends that the State develop a clear EE roadmap with supporting policies, programs, and funding or else risk widening the gap in meeting SB 350 goals.<sup>2</sup> In addition, a key recommendation from the 2021 SB 100 Joint Agency Report to support the goal of powering all retail electricity with renewable and zero-carbon resources by 2045 is to continue prioritizing EE. Reducing energy demand through EE will save Californians on their utility bills and offset the need to build new generation facilities. Without the continued support of EE portfolios, the State could risk failure in achieving its clean energy objectives.

Through their applications, the PAs have built thorough program portfolios that not only highlight contributions to the additional EE strategies needed, but also demonstrate clear plans for multi-PA coordination necessary to address any gaps in meeting California's clean energy objectives. The Commission should demonstrate its strong commitment to support meeting the State's clean energy goals through EE by approving the proposed funding requests of all Business Plan applications that serve the state of California.

### **III. THE COMMISSION SHOULD CONTINUE TO SUPPORT INNOVATIVE PORTFOLIOS THAT PROVIDE A UNIQUE VALUE AND PRIORITIZE EQUITY IN THE EE MARKETPLACE**

SoCalREN strongly supports the Commission's efforts to address the future of the State's EE portfolio. Since their inception, the Regional Energy Networks (RENs) have utilized innovative strategies to complement and supplement Investor Owned Utility (IOU) Program Administrator (PA) partners' efforts. In D.12-11-015, the Commission acknowledged the steep, formidable

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<sup>1</sup> CEC 2019 California Energy Efficiency Action Plan, pages 3 and 66

<sup>2</sup> SCE's *Mind the Gap* policy paper, page 19

learning curve emerging PAs must master and in D.19-12-021 the Commission solidified RENs as established Program Administrators. Despite the challenges of navigating a dynamic industry with multiple actors, the RENs have matured, optimized their portfolio diversity, and thoroughly segmented their market strategies in a better effort to meet hard-to-reach (HTR) markets and disadvantaged community (DAC) needs.

The RENs have successfully met and continue to support the criteria set forth by the Commission in D.12-11-015, reaffirmed in D.18-05-041 and D.19-12-021. As Program Administrators managed by local government(s), implementation REN portfolios are governed by a number of core values and policies—including the primary obligation of the RENs to strive for parity on behalf of the underserved, specifically HTR markets and DACs. These two market segments need as many active participants as possible willing to serve them. These participants often require additional assistance that is not always available via IOU strategies due to the IOU PAs' cost-effectiveness threshold burdens.

As RENs are intended to fill gaps in other PA portfolios<sup>3</sup>, they serve crucial functions in providing innovative, equitable, and impactful services to the diverse regions they serve. RENs must be agile enough to incorporate feedback from their communities to quickly innovate and fill EE gaps that arise. This is critical as the collective portfolio of spending on EE has decreased 55 percent between the 2016 and 2021 program years<sup>4</sup> within some regions and must be complemented and or augmented by more comprehensive REN portfolios.

In addition, RENs are increasingly appropriate and valuable in light of the proliferation of Community Choice Aggregators (CCAs) and the reduced resources and capacity of the Local

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<sup>3</sup> D.19-12-021, page 30

<sup>4</sup> CEDARS IOU 2016-2021 Claims

Government Partnerships (LGPs). The territories of RENs approved to date are larger than those of the CCAs and LGPs, which allows RENs to operate at scale, an important factor given the Commission’s challenge to keep the EE portfolio consistently cost efficient. Broader regional consistency affords a more consistent customer experience, contractor engagement, and economies of scale. Moreover, the RENs’ defining characteristic of being *regional* allows local governments (i.e., cities, CCAs, LGPs, and others) to partner, pilot, and propagate new ideas effectively across a broader area. RENs can help energy-related programs, actors, and stakeholders, such as program contractors, to connect with each other across the region and leverage each other’s knowledge and expertise. At the same time, RENs work on a small enough scale to also allow in-depth knowledge of local conditions. Regional delivery results in reduced costs through leveraged resources, economies of scale, streamlined project delivery services/assistance, and effective market conditions for participating contractors. Coordination between RENs and CCAs diversify the energy efficiency market even further and expand the platform for innovation. Without REN presence and delivery, the EE market is not predictable or reliable. Last, most of the State’s CCAs are newly on-boarding and their ability to fund energy efficiency programs will be limited—if not preempted altogether—by the need to overcome establishment costs (including the Power Charge Indifference Adjustment), build reserves, and stabilize operations of their core business.

The Commission has acknowledged that REN portfolios will naturally be less cost-effective to implement since they are designed to fill portfolio gaps or serve the needs of HTR markets and has therefore declined to set specific cost-effectiveness thresholds for RENs.<sup>5</sup> Given the increasingly difficult challenge for IOUs and CCAs to deliver cost-effective energy efficiency programs

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<sup>5</sup> D.19-12-021, OP 4

resulting in an ever greater amount of stranded energy savings, RENs are uniquely positioned to complement IOU and CCA portfolios by offering targeted measures that these entities cannot undertake due to their cost-effectiveness mandates. For instance, SoCalREN's proposed Water Infrastructure Program is designed to complement the statewide Water/Wastewater and Pumping Program by offering measures that require multiple years to design and implement and are not able to be served by the IOU statewide program.

In addition, concerns have been raised about the amount of equity segment funding by non-REN PAs as combined equity and market support programs are now limited to no more than 30 percent of the overall budget in non-REN PA portfolios. In their Business Plan application, SoCalGas suggested an increase in the non-REN PA market support and equity funding cap to 40 percent.<sup>6</sup> Questions were also raised at the March 10, 2022 California Energy Efficiency Coordinating Committee (CAEECC) meeting as to why the proposed IOU equity segment funding is so low and why the funding does not scale up over the application period. By not being subject to equity and market support funding limitations, RENs are well positioned to fill these gaps and strongly commit to funding for both equity and market support programs.

The main lens for the targeting of REN programs continues to be equity focused with RENs looking to provide most of their services to HTR and underserved customers and communities. For example and as submitted in the SoCalREN EE Business Plan application, SoCalREN has designated ~30 percent (\$167.5M) of its proposed 2024–2031 budget toward equity segment programs and has set a minimum target of 50 percent of energy savings coming from equity qualified customers for SoCalREN's resource acquisition and market support programs. When

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<sup>6</sup> Exhibit 1 SoCalGas Strategic Business Plan, page BP and CC-46

considering the equity focused strategies among all three portfolio segments, SoCalREN is allocating 71 percent of its eight-year budget (\$394.8M) toward either equity segment programs or equity customers to ensure that the communities most in need are not left behind in the accelerating clean energy transition. It is imperative to the State's objectives that the Commission continue to support non-traditional EE portfolios so that RENs can continue to meet the needs of these underserved and marginalized communities.

**IV. THE COMMISSION SHOULD APPROVE SOCALREN'S BUSINESS PLAN APPLICATION AND ALLOW SOCALREN TO CONTINUE BUILDING UPON ITS SUCCESSFUL PORTFOLIO OF PROGRAMS**

Since its launch in 2013, SoCalREN's programs have saved customers over 121 GWH, 7.0 MW, and 1.4 million therms. SoCalREN has built strong relationships across the 13 counties that it serves where more than 50 percent of the 20 million residents are living in DACs. In addition, 76 percent of the 200 SoCalREN enrolled public agencies encompass underserved communities and 44 percent of completed SoCalREN residential projects are located within DACs. SoCalREN plans to continue expanding its reach into HTR regions and DACs by leveraging existing relationships to build new partnerships, and requiring each applicable sector (Agricultural, Commercial, Public, and Residential) to set a target of at least 50 percent of its 2024-2027 energy savings coming from HTR and DAC communities. SoCalREN's impact is not limited to only energy savings. To date, SoCalREN has trained nearly 500 contractors, guided and mentored almost 200 paid internships, and enrolled more than 600 students within its workforce education and training activities. SoCalREN has clearly demonstrated its positive community and customer impacts and capability in filling portfolio gaps over the last nine years.

SoCalREN has developed its entire Business Plan portfolio to be complementary with all other PAs that overlap SoCalREN territory and recognizes the importance of working with all PAs to ensure that no customer groups are deprived of access to EE investments. SoCalREN’s 2024–2031 portfolio was also designed based on customer and community input collected over nearly 10 years of successful experience in delivering EE services to every county in the SCE and SoCalGas service areas. Important ongoing feedback and program coordination is enhanced through the SoCalREN’s quarterly Regional Advisory Committee meetings as well as through a Regional Partners group consisting of various Councils of Governments and other regional energy leadership entities which are actively involved in program implementation and program piloting activities.

The Commission should approve SoCalREN’s Business Plan application as proposed and allow to the continuation and expansion of successful approaches to complement, address gaps, and develop innovate solutions that serve ratepayer needs and add significant customer value.

**V. CONCLUSION**

SoCalREN appreciates the opportunity to provide a Response to the Program Administrators’ Business Applications for the Commission’s consideration.

Respectfully submitted,

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