Date of Issuance: January 14, 2022

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5180**
January 13, 2022

R E S O L U T I O N

RESOLUTION E-5180: Certification of CleanPowerSF's Energy Efficiency Program Administration Plan

PROPOSED OUTCOME:

- This Resolution certifies CleanPowerSF's request in advice letter 17-E and supplemental 17-E-A to Elect to Administer its Energy Efficiency Program Administration Plan, submitted pursuant to Public Utilities Code Section 381.1(e) and (f) and California Public Utilities Commission direction in Decision 14-01-033.

SAFETY CONSIDERATIONS:

- CleanPowerSF's Energy Efficiency Program Administration Plan will likely have a limited, but positive impact on safety by improving customer health and safety through the installation of more efficient equipment that should improve in-door air quality and provide safer operation than the replaced equipment.

ESTIMATED COST:

- The California Public Utilities Commission approves a budget for CleanPowerSF of $4,579,056 over the course of its three-year Energy Efficiency Program Plan. This funding will come from Pacific Gas and Electric's Energy Efficiency Portfolio Budget.

By Advice Letter 17-E filed on August 16, 2021 and supplemental 17-E-A was filed on December 3, 2021.

SUMMARY

Public Utilities Code Section (Section) 381.1,[1] gives Community Choice Aggregators (CCAs) the option to elect to become an administrator of cost-effective energy efficiency (EE) programs, subject to California Public Utilities Commission (CPUC) adoption of a CCA's EE Program Administration Plan (EE plan) that has been approved by the CCA's governing board. CleanPowerSF submitted a three-year budget request of $4,579,056 to the CPUC on August 16, 2021, via Tier 3 advice letter (AL) 17-E and later a supplemental AL 17-E-A[2] on December 3, 2021.

This resolution approves CleanPowerSF's request to elect to administer its EE plan according to the criteria set forth in the Section 381.1(e) and (f) (1) - (6) and CPUC direction in Decision (D.)14-01-033, on enabling CCAs to administer EE programs. The budget that CleanPowerSF requested to receive to fund its EE plan is $4,579,056. Pacific Gas and Electric (PG&E) is ordered to transfer $4,579,056 to CleanPowerSF for its three-year EE Plan.

BACKGROUND

Sections 331.1, 366.2, and 381.1 enable cities and or counties to form a CCA. The legislation allows CCAs to offer procurement services to electric customers within their boundaries. Senate Bill 790 (Leno) modified Section 381.1(a) and added subsections (d)-(g). Subsections (a)-(d) authorize a CCA to "apply" to administer cost-effective EE and conservation programs by "allow[ing] CCAs to access EE funds from, and provide EE programs to, both their customers *and* other utilities' customers."[3] CCAs pursuing this approach must file a formal application to administer EE, which complies with the CPUC's prior decisions and resolutions regarding the content of Investor Owned Utility's (IOUs') applications to administer EE.[4] An alternative "elect" approach differs from the "apply" approach in that Section 381.1(e) and (f) expressly limits, for CCAs who "elect to administer" EE offerings to only customers who are

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[1] All statutory references are to the Public Utilities Code unless otherwise noted will be referred to as "Section."
[2] AL 17-E-A makes a redacts in the public version of AL 17-E to include CleanPowerSF's annual Public Purpose Program Charges collected by CleanPowerSF in Appendix B, page 1.
[3] D.14-01-033, COL 4.
[4] D.14-01-033, OP 2.

served by the CCA. CCAs that pursue the "elect to administer" option do not need to file applications – they file their EE plans as Tier 3 ALs.[5]

Section 381.1(e) states:

> The impartial process established by the CPUC shall allow a registered community choice aggregator to elect to become the administrator of funds collected from the aggregator's electric service customers and collected through a non-bypassable charge authorized by the CPUC, for cost-effective energy efficiency and conservation programs, ***except those funds collected for broader statewide and regional programs authorized by the CPUC***. (Emphasis added)

Section 381.1(f) states:

> A community choice aggregator electing to become an administrator of energy efficiency shall submit an EE plan, approved by its governing board, to the CPUC for the administration of cost-effective energy efficiency and conservation programs for the aggregator's electric service customers that includes funding requirements, a program description, a cost-effectiveness analysis, and the duration of the program. The CPUC shall certify that the EE plan submitted does all the following:
>
> 1. Is consistent with the goals of the programs established pursuant to Sections 381.1 and 399.4;
> 2. Advances the public interest in maximizing cost-effective electricity savings and related benefits;
> 3. Accommodates the need for broader statewide or regional programs;
> 4. Includes audit and reporting requirements consistent with the audit and reporting requirements established by the CPUC pursuant to this Section;
> 5. Includes evaluation, measurement, and verification protocols established by the community choice aggregator; and

[5] D.14-01-033, OP 6.

6. Includes performance metrics regarding the community choice aggregator's achievement of the objectives listed in paragraphs (1) to (5), inclusive, and in any previous plan.

On June 20, 2012, the assigned Administrative Law Judge issued a ruling in Rulemaking (R.) 09-11-014 regarding procedures for CCAs to become administrators of EE programs through Section 381.1(a) – the application process to administer an EE program to all customers in their service territory – and through Section 381.1(e) and (f), the election process to administer EE programs only to the CCA's customers.

Ordering Paragraph (OP) 6 of D.14-01-033, the decision regarding procedures for CCAs electing to become administrators of EE programs, establishes that CCAs that elect to administer EE programs shall file their EE plan through a Tier 3 advice letter, which is not considered either effective or approved without a CPUC resolution.[6] OP 7 of D.14-01-033 asserts the materials submitted by a CCA who elects to administer EE programs must contain sufficient information for the CPUC to certify the CCA's EE plan meets the six requirements in Section 381.1(f).[7] OP 8 of D.14-01-033 directs the CCAs to also conduct financial and management audits of its EE programs and provide a copy of the audits to the CPUC.[8] Finally, D.14-01-033 set the formula for the maximum funding that a CCA who elects to administer can request when establishing a budget:

> CCA maximum funding = Total electricity energy efficiency non-bypassable charge collections from the CCA's customers – (total electricity EE non-bypassable charge collections from the CCA's customers * % of the applicable IOU portfolio budget that was dedicated to statewide and regional programs in the most recently authorized program cycle).[9,10]

On August 16, 2021, CleanPowerSF filed its EE plan via a Tier 3 AL 17-E, which provided the CPUC its proposed program, as well as its estimate of the formula set

[6] D.14-01-033, OP 6.
[7] D.14-01-033, OP 7.
[8] D.14-01-033, OP 8.
[9] ALJ's June 20, 2012 Ruling on REN and CCA Administration of EE at pg 10.
[10] D.14-01-033, pg 22.

forth in D.14-01-033 for the maximum funding that a CCA who elects to administer EE programs can request.

CleanPowerSF's Proposed EE Plan

CleanPowerSF proposed a single program with a budget of $4,579,056 over three years. The program proposed by CleanPowerSF is a Community Food Service Energy Efficiency Program (the Program), which has a forecasted cost effectiveness of 1.11 using both the Total Resource Cost (TRC) and Program Administrator Cost (PAC) tests. (When the TRC and PAC test cost effectiveness ratios are the same or very similar it is likely because the program covers the full cost of the new equipment, including installation, and one would assume the cost to the customer was the same under both tests).[11]

CleanPowerSF's Program will target the food service sector, including grocery stores, corner stores, restaurants, and nonprofit institutions that assist vulnerable and underserved communities facing food insecurity. The program will focus on serving the following customers:

- Supermarkets and grocery stores;
- Refrigerated warehousing and storage, and small businesses such as corner stores;
- Non-profit entities that serve vulnerable populations in the City, including community dining halls, food pantries, meal delivery services, and the infrastructure that supports them; and
- The restaurant sector.

CleanPowerSF expects first year gross energy savings goals for the program of 1,877,599 kWh with 225 kW of demand reduction. Additionally, because the Program has a focus on serving underserved and hard-to-reach commercial customers, CleanPowerSF will track how many of these customers are served by the Program.

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[11] The applicable baseline also plays a role, e.g. for measures using an existing conditions baseline TRC cost is the full cost.

The Program will provide direct installation[12] of equipment tailored to the food service sector. CleanPowerSF will enlist an energy service company (ESCO) that agrees to a negotiated, fixed fuel price for energy reductions. The ESCO will provide turnkey services including customer pre-qualification, securing customer consent to access usage via PG&E's "ShareMyData" platform, and conducting an engineering assessment. The assessment will include recommendations for equipment and energy savings potential compiled in an energy management plan. The ESCO will specify new equipment; coordinate and schedule installation; and conduct commissioning and training.

The following is a list of proposed upgrade measures:

- Lighting and Controls;
- Refrigeration Equipment and Optimization;
- HVAC Controls and Optimization;
- Electric Food Service Equipment; and
- Electrification Measures (after Year 1).

CleanPowerSF's Program will utilize the Bay Area Regional Energy Network (BayREN) Business's existing commercial program implementation infrastructure as a model to reduce upfront costs and time. With this approach, CleanPowerSF is piloting a means for other California CCAs to work cooperatively with their RENs to reduce administration costs, improve cost-effectiveness of both administrators' programs and to expand EE services to more customers. This pilot holds the potential to scale not only in the Bay Area, but also throughout the state as more CCAs and RENs are formed. To serve small and medium businesses (SMBs) and underserved sectors the Program also employs the normalized metered energy consumption (NMEC) approach.

[12]Direct Install are energy efficiency solutions provided directly to the customer at little or no cost through installation contractors provided and managed by an Implementer. (Source: PG&E Resource Saving Rulebook, pg 5, located at: PG&E Resource Savings Rulebook (pge.com).

CleanPowerSF's Compliance with Maximum Funding Request

CleanPowerSF requested a total budget of $4,579,056 to implement and evaluate its Program over a three-year period. The formula established for the maximum funding a CCA can request who elects to administer an EE Program Administration Plan is as follows:

> CCA maximum funding = Total electricity energy efficiency non-bypassable charge collections from the CCA's customers – (total electricity EE non-bypassable charge collections from the CCA's customers * % of the applicable IOU portfolio budget that was dedicated to statewide and regional programs in the most recently authorized program cycle.[13]

D.14-01-033 adopted the definitions for "regional" and "statewide" programs to be excluded from the maximum funding a CCA can request as follows:

- "Statewide Programs" – Programs, as defined and designated by the CPUC, that are offered throughout the four IOU service territories on a generally consistent basis. Evaluation, Measurement and Verification budgets are included in statewide programs, as these budgets are overseen by CPUC staff across all four IOUs on a consistent basis.[14]

- "Regional Programs" – Programs offered to all eligible customers throughout an individual IOU's service territory in which a CCA is offering service, but not necessarily offered in other IOU service territories. This includes state and institutional government partnerships. This does not include any programs that are offered only in a geographic subset of an IOU territory.[15]

In AL 17-E, CleanPowerSF provides the following inputs to the formula for the maximum funding it can request. First, CleanPowerSF estimates that the total electricity EE non-bypassable charge collections from the CleanPowerSF's

[13] D.14-01-033, pg 22.
[14] D.14-01-033, pg 25.
[15] Ibid.

customers is $45,304,716.68 annually.[16] CleanPowerSF estimates that $7,444,580 out of a total budget of $220,967,635 or 3.37% of PG&E's total budget is dedicated to local programs.[17] CleanPowerSF then multiplied $45,304,716.68, its total projected electricity EE non-bypassable charge collections, by 0.0337 to get a three-year cap of $4,579,056.[18]

CleanPowerSF's Compliance with Meeting Criteria Established in Section 381.1(f)(1) - (6)

Pursuant to Section 381.1(f), the CPUC must certify that a CCA proposal to elect to administer a ratepayer funded EE Program Administration Plan meet the six criteria, specified in paragraphs (1) - (6), which include:

1. Is consistent with the goals of the programs established pursuant to Sections 381.1 and 399.4;
2. Advances the public interest in maximizing cost-effective electricity savings and related benefits;
3. Accommodates the need for broader statewide or regional programs.
4. Includes audit and reporting requirements consistent with the audit and reporting requirements established by the CPUC pursuant to this section;
5. Includes evaluation, measurement, and verification protocols established by the community choice aggregator; and
6. Includes performance metrics regarding the community choice aggregator's achievement of the objectives listed in paragraphs (1) to (5), inclusive, and in any previous plan.

CleanPowerSF provided the following responses in AL 17-E to justify its proposed EE Plan and compliance with the six criteria in Section 381.1(f).

Consistency with the Goals in Sections 381.1. and 399.4

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[16] See CleanPowerSF AL 17-E, Election to Administer Energy Efficiency Programs, filed August 16th, Attachment B, pg 1.
[17] Ibid.
[18] Ibid.

CleanPowerSF claims its Program will deliver cost-effective energy savings to customers of CleanPowerSF along with benefits such as utility cost reductions. CleanPowerSF also claims that it is in compliance with the mandates set forth in Public Utilities Code Section 399.4 authorizing the following types of programs: market transformation, pay-for-performance, and programs that achieve savings through operational, behavioral, and retro commissioning activities. Per guidance outlined in Section 399.4, customers will be reasonably compensated for developing and implementing an EE plan, and a portion of incentives will be reserved pending post-project measurement results.

Advances the public interest in maximizing cost-effective electricity savings and related benefits

CleanPowerSF responds that its proposed Program complies with cost- effectiveness requirements in 381.1, as the program has a combined forecasted portfolio TRC of 1.11 and forecasted portfolio Program Administrator Cost ("PAC") of 1.11.

Accommodation of Statewide and Regional Programs

CleanPowerSF states that the Program that it intends to offer will be clearly distinguished as a unique program offered exclusively to CleanPowerSF customers by CleanPowerSF and San Francisco Department of the Environment (SFE) staff. CleanPowerSF adds that program marketing will be targeted to CleanPowerSF customers as well as clearly describing which ratepayers will be eligible to participate.

In addition, CleanPowerSF states that its Program directly responds to local needs but has the flexibility to leverage existing offerings from BayREN and PG&E. CleanPowerSF will collaborate closely with SFE in all aspects of programming responsibilities. As the long-time implementer of the local government partnership with PG&E, San Francisco Energy Watch, and BayREN single-family, multi-family and commercial programs, SFE represents a wealth of program implementation and customer acquisition experience and has up-to-date knowledge of PG&E and BayREN programs. Together, CleanPowerSF and SFE staff will make appropriate referrals, leverage programs, and eliminate customer confusion. They conclude that staff will coordinate with other program administrators to provide CleanPowerSF customers with the most accurate, up-to-date materials on available programs.

Auditing and Reporting

CleanPowerSF states that it currently performs annual financial audits using generally accepted accounting principles ("GAAP") specific to government entities. These reports are publicly available and will be provided to the CPUC upon request. As a municipal CCA, once CleanPowerSF's EE plan is certified and the Program begins, current auditing procedures will be applied to cover EE program funds. This will ensure appropriate accounting controls for the Program funds.

Per the requirement of the Governmental Accounting Standards Board, the management's discussion and analysis will be included to supplement the basic financial statements. To evaluate the effective use of resources and management procedures, CleanPowerSF will also complete all regulatory filings and reports as directed by CPUC staff. These documents will provide the results of program efforts that can be evaluated against the performance metrics identified by CleanPowerSF, including adherence to cost-effectiveness requirements.

Evaluation Measurement and Verification Protocols

CleanPowerSF states that it will contract with an independent, third-party evaluation measurement and verification (EM&V) provider to perform process evaluations or market studies to determine the effectiveness of the Program. CleanPowerSF-led studies will be performed according to the process of CPUC oversight of IOU EM&V projects as detailed in the EE EM&V Plan. CleanPowerSF will be subject to the same protocol as IOUs for CPUC-directed impact evaluations to determine actual energy savings, benefits, costs, and goal achievement as directed in D.05-01-055. CleanPowerSF estimates to spend, from its approved budget, up to $52,467 total over the three-years to qualitatively evaluate the Program and market.

CleanPowerSF-directed evaluations will focus on evaluating market characterization, conditions and needs, identify any weaknesses in the Program, and viable solutions to ameliorate those issues. The effects of the program will be measured in indirect program impacts (i.e., behavioral changes), and impacts to the market that resulted in induced market changes (i.e., job creation), while direct program impacts (i.e., energy savings) will be measured by CPUC-directed impact evaluations. Finally, CleanPowerSF claims that it will refer to existing and current EM&V studies, led by IOUs and CPUC, to avoid duplication and expand on existing efforts.

Performance Metrics

The following Performance Metrics will indicate progress toward meeting the goals and objectives of the CPUC EE Strategic Plan and CleanPowerSF's goals and objectives. The specific objective of Section 381.1(f) that each metric addresses (if applicable) is included in parenthesis:

- Program energy savings (381.1(f)(2))
- Tracking and serving underserved communities, including hard-to-reach commercial customers (381.1(f)(1))
- Cost-effectiveness tool ("CET") output
- Tracking the Program cost-effectiveness quarterly (381.1(f)(2))
- Tracking customer non-energy benefits (381.1(f)(2))
- Number of projects referred to other EE programs (381.1(f)(3))
- Number of customers that did not fit other program offerings (381.1(f)(3))
- Percentage of customers audited who install at least one program measure. (381.1(f)(4)
- Percentage of recommended measures installed by customers. (381.1(f)(4))
- EM&V process, tracking, and incorporation into program design. (381.1(f)(5))
- EM&V of project energy savings forecasts and energy savings realized (381.1(f)(5))
- Progress toward becoming a net-zero emissions city by 2050. (381.1(f)(1))

NOTICE

CleanPowerSF states this advice letter and related supplements were mailed and distributed in accordance with General Order 96-B, Section IV. As required by General Order 96-B, Section IV CleanPowerSF served these advice letters to the relevant parties on the R.13-11-005 service list.

PROTESTS, COMMENTS AND REPLIES

On September 7, 2021, the Small Business Utility Advocates (SBUA) filed a protest to CleanPowerSF's AL 17-E and PG&E filed comments. On September 14, 2021, CleanPowerSF filed a reply to the comments and protest. All were filed timely.

SBUA's Protest

SBUA lists several concerns in its protest that it has with the Program submitted by CleanPowerSF in AL 17-E. First, CleanPowerSF states that the Program will use a population-based NMEC approach and a pay-for-performance model to measure energy savings and compensate the program implementer, an ESCO. However, SBUA argues pay-for-performance models tend to favor larger-sized businesses and provide a disincentive to serve smaller businesses. SBUA adds that this is because the ESCO will be drawn to larger customers with higher savings opportunities. SBUA recommends providing some mechanism for creating an incentive for the ESCO to treat smaller customers. SBUA adds that this might include a different incentive dollar per kWh saved for different customer usage levels, with the higher incentive per kWh paid for the smaller customers with lower usage.

Second, SBUA has concerns with the limited number of measures that CleanPowerSF proposes (see section titled CleanPowerSF's Proposed EE Plan). It adds that the measures list should be expanded to include any cost-effective measures. In addition, SBUA states that while electrification measures are included, the list does not clarify which types of electrification measures will be offered. SBUA states that a more detailed description of what is contemplated for electrification in this program would be useful. SBUA suggests including to the eligible measure list:

- Upgrading primary HVAC equipment;
- Water heating; and
- The types of electrification measures that will be included after Year 1 (e.g., space heating, water heating and cooking equipment).

Finally, SBUA states that the CleanPowerSF Program does not include any specific commitments for reporting on the number of SMBs it serves. While the Program plan mentions a focus on hard-to-reach SMBs, there are no specific commitments to reporting on SMBs. SBUA, therefore, recommends that CleanPowerSF report usage ranges, to ensure that SMBs are indeed served by the Program.

PG&E's Comments

Similar to its comments on the then draft Resolution E-5166[19], which approved San Jose Clean Energy (SJCE) to offer EE programs, PG&E requests that the CPUC should align the timelines for filing for all PAs, so that all PAs plan their programs and funding on the same schedules. PG&E's requests that all PAs who propose to begin administering EE programs prior to 2024would only get approval of their portfolio plans and funding request through the end of 2023. Finally, PG&E asks that the CPUC clarify that the requirements of the Joint Cooperation Memos (JCMs)[20] apply to all PAs.

CleanPowerSF's Reply

CleanPowerSF provided a reply both to the SBUA protest and PG&E's comments. First, regarding SBUA's concern that the pay-for-performance models tend to favor larger businesses over smaller ones. CleanPowerSF notes that D.18-01-004, Conclusion of Law 2 states that Senate Bill ('SB') 350 emphasized greater reliance on pay-for-performance programs and metered energy savings evaluation. It adds that the pay-for-performance model has many advantages including tying implementer compensation to measured energy savings, which protects ratepayers from paying for non-existent energy savings and shifts the risk to the ESCO. CleanPowerSF also agrees that the model can favor larger businesses, but that it will maintain close oversight of the ESCO's project pipeline to ensure that SMBs are represented and will support this effort with targeted outreach to SMBs to encourage their participation.

Second, CleanPowerSF responds to the SBUA recommendation that it expand the list of measures to include "any cost-effective" energy measures in the program, including "upgrading primary HVAC equipment, water-heating, and types of electrification measures." CleanPowerSF clarifies that the pay-for-performance model accommodates a broad range of measures and those included in its AL are not exclusive to the Program and can be expanded. It concludes that the final measure mix will be determined after an ESCO has been selected and that ESCO will work with

[19] Resolution E-5166, which approved San Jose Clean Energy to elect-to-administer as a CCA is located here: Resolution Search Results (ca.gov).
[20] See Ordering Paragraph 38 of D.18-05-041.

CleanPowerSF to tailor the measure mix to best meet the needs of the customer, while achieving cost-effective savings.

In its reply to SBUA's concern that the AL did not specifically call out reporting on SMB customers served, CleanPowerSF acknowledges that reporting on the number of SMBs served by the Program would enhance transparency about how EE funds are being administered. CleanPowerSF adds that it will report in compliance with "Energy Division Staff Guidance: NMEC Reporting." Moreover, in its annual report to the CPUC, CleanPowerSF will report on participation by business size, using the customers' electric rate schedule as a proxy for being a large, medium, or small business.

CleanPowerSF states that PG&E's recommendation to limit its funding request to two years is inconsistent with D.14-01-033, Conclusions of Law 1, which states that "The EE portfolios of a CCA should be subject to a cost-effectiveness threshold TRC of 1.0 for the first three years that the CCA is a PA."

In response to PG&E's request that CleanPowerSF file a JCM with other overlapping PAs, CleanPowerSF believes this is unnecessary for its Program. CleanPowerSF recognizes the value of a JCM between PAs with large portfolios that include multiple EE programs in multiple sectors. In contrast, CleanPowerSF's Program is targeted to a very specific business sector. It adds that a leading reason that CleanPowerSF chose to target the food service industry is that there are no programs currently serving this sector's specific needs. Thus, it believes requiring CleanPowerSF and PG&E to prepare an annual JCM would add administrative costs, and it would be redundant because a system of communication is already established.

DISCUSSION

Review of Funding Request

First, the formula for a CCA's maximum funding to elect to administer EE programs, the applicable IOU portfolio budget is based on funding from the most recently authorized program cycle. The last CPUC-approved EE budget for PG&E was included in its 2021 Budget AL 4303-G/5436-E, and approved a budget of $220,967,635.[21] To determine the percentage of the total amount of the non-bypassable funds for its EE plan that CleanPowerSF is eligible for, CPUC staff categorized what programs and budgets in PG&E 2021 Budget AL are considered "statewide" or "regional" programs and excluded these programs from the calculation for a CCAs' maximum funding.[22]

For the purposes of this calculation, the CPUC considers the following EE programs as "statewide" or "regional": the Residential EE program; the Commercial EE program; the Industrial EE program; the Agricultural EE program; the Lighting program; the Integrated Demand Side Management program; the Finance program; the Codes and Standards program; the Emerging Technology program and the Workforce Education and Training program; Third-Party programs that serve PG&E's entire service territory; and the Institutional EE Partnerships. The total budget for these programs is $213,523,055. Local or geographically restricted programs that are included for determining the percentage of CleanPowerSF's non-bypassable funds that can be used for its EE Plan includes the Local Government Energy Action Resources[23] and the Public Local Government Partnership Third Party Programs.[24] These programs have a total budget of $7,444,580.[25]

To determine CleanPowerSF's maximum EE funding the CPUC divided the total budget of the programs that are not categorized as "statewide" or "regional" by PG&E's total EE budget or $7,444,580 divided by $220,967,635, to get a percentage of the budget not categorized as "statewide" or "regional", which is 3.37%. Finally, we multiplied 3.37% by the total electricity EE non-bypassable charge from CleanPowerSF customers which is $45,304,716.68 to get the maximum funding that CleanPowerSF can request of $1,526,353 annually and $4,579,056 over the three-year period, based on sales

[21] PG&E budget as approved of in the non-standard disposition of PG&E AL 4303-G/5436-E.
[22] The formula for total amount to a CCA electing to administer is calculated using non-bypassable funds the CCA collects from their customer base. Approved funds for CCA to use to administer approved CCA programs however still pass through to the IOU as a non-bypassable charge, and the IOU allocates the portion as approved here back to the CCA to administer their EE programs

[23] For more information on Local Government Energy Action Resources see: https://cedars.sound-data.com/programs/PGE2110051/details/2021.
[24] For more information on the Third-Party Placeholder for LGPs see: New 3P Placeholder - Public LGP see: https://cedars.sound-data.com/programs/PGE_3P_Pub/details/2021.
[25] See Appendix A Table 1 "PG&E Total Portfolio Budget Breakdown by Funding Category" for a breakdown of how the CPUC categorized PG&E's EE programs.

forecasts provided by CleanPowerSF. Thus, the CPUC will approve CleanPowerSF's proposed budget.

<u>Review of Compliance with Section 381.1 (f) Criteria</u>

Consistency with Goals in Sections 381.1 and 399.4

Section 381.1 encourages the procurement of cost-effective EE and conservation programs by CCAs that advance the public interest and accommodate the need for broader statewide and regional programs. Section 399.4 (a) states that prudent EE investments should continue to be made to "produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electric distribution grid."

Consistent with the guidance on cost-effectiveness in Sections 381.1 and 399.4(a), the CleanPowerSF's EE plan forecasts the achievement of cost-effective reductions in energy and demand, with a TRC of 1.11 and a PAC of 1.11.

Section 399.4(b)(1) states that, in evaluating EE investments, the CPUC shall require that:

> If a customer or contractor is the recipient of a rebate or incentive offered by a public utility for an energy efficiency improvement or installation of energy efficient components, equipment, or appliances in a building, the public utility shall provide the rebate or incentive only if the customer or contractor certifies that the improvement or installation has complied with any applicable permitting requirements, including any applicable specifications or requirements set forth in the California Building Standards Code (Title 24 of the California Code of Regulations). If a contractor performed the installation or improvement, that the contractor holds the appropriate license for the work performed.

CleanPowerSF states that it will comply with Section 399.4(b)(1) by requiring all installing contractors or non-residential customers who receive a rebate or incentive to certify that it has complied with Title 24.[26]

Section 399.4(d) states that the CPUC, in a new or existing proceeding, shall review and update its policies governing EE programs funded by utility customers. In updating its policies, the CPUC shall, at a minimum do all the following:

1. Authorize market transformation programs with appropriate levels of funding to achieve deeper EE savings.

2. Authorize pay for performance programs that link incentives directly to measured energy savings. As part of pay for performance programs authorized by the CPUC, customers should be reasonably compensated for developing and implementing an energy efficiency plan, with a portion of their incentive reserved pending post project measurement results.

3. Authorize programs to achieve deeper savings through operational, behavioral and retrocommissioning activities.

4. Ensure that customers have certainty in the values and methodology used to determine energy efficiency incentives by basing the amount of any incentives provided by gas and electrical corporations on the values and methodology contained in the executed customer agreement. Incentive payments shall be based on measured results.

CPUC staff interprets Section 399.4(d) to refer to the ratepayer funded EE portfolio as offered throughout the state and not require all individual PAs EE offerings meet all the policies outlined in Section 399.4(d). The EE portfolios as offered by California's ratepayer funded PAs throughout the state meet these objectives and thus so would CleanPowerSF's EE plan. Therefore, the CPUC certifies that CleanPowerSF's EE plan has demonstrated compliance with the criteria set forth in Section 381.1(f)(1).

[26] CleanPowerSF AL 17-E, pg 20.

Advances the Public Interest in Maximizing Cost-Effective Electricity Savings and Related Benefits

CleanPowerSF forecasts a program cost effectiveness of 1.11 (TRC and PAC test) which meets the minimum threshold for cost effectiveness of a CCA who elects to administer EE programs for the first three years. The CPUC certifies that CleanPowerSF's EE plan has demonstrated compliance with the criteria set forth in Section 381.1(f)(2).

Accommodation of Statewide and Regional Programs

Accommodation of statewide and regional programs as defined in Section 381.1(f)(3) and D.14-01-033 includes the clear requirement that "a CCA should include in its plan marketing and branding strategies to minimize customer confusion, and to otherwise distinguish between CCA programs and any similar statewide or regional programs that may also be ongoing."[27]

CleanPowerSF states that it is well-known within the local community and will provide its targeted Program to only CleanPowerSF customers to upgrade underperforming and outdated electric appliances and building systems. CleanPowerSF adds that its proposed Program has been designed to provide value-added and complementary services within existing local and regional energy programs, leveraging CleanPowerSF's position as the customer's electricity provider to ensure CleanPowerSF Program is clearly distinguished as unique and only offered exclusively to CleanPowerSF customers. Program marketing will also be targeted to CleanPowerSF customers and will clearly describe which ratepayers will be eligible to participate.

CleanPowerSF adds that it will consistently recommend leveraging statewide and regional programs when and where it can provide the best services to its customer base. Statewide and regional program qualification will be made part of CleanPowerSF's prequalification process, which will ensure that customers are channeled to the most appropriate service. In addition, CleanPowerSF will effectively identify the pertinent program implementers to customers and will coordinate with PG&E, BayREN and third-party programs to ensure that CleanPowerSF customers have the most accurate, up-to-date materials on available programs.

[27] D.14-01-033, pg 19.

The CPUC believes that CleanPowerSF has provided sufficient information showing that its marketing materials will clearly distinguish its Program from other PAs' programs and will target only CleanPowerSF customers. CleanPowerSF's AL indicates that it also plans to work with PG&E, BayREN and ESCOs in its region to ensure that the customers have access to all available opportunities. Therefore, the CPUC certifies that CleanPowerSF's EE plan has demonstrated compliance with the criteria set forth in Section 381.1(f)(3).

Auditing and Reporting

Decision 14-01-033 states that a "CCA should conduct financial and management audits of its energy efficiency programs and provide a copy of the audits to the CPUC upon request." The financial audit will consist of a review of the financial statements of the CCA's EE operations to determine that the statements are accurate, complete, and consistent with CPUC policy and standard accounting practices. The management audit will assess the CCA's management procedures and the effective use of resources in implementing its EE portfolio.[28]

CleanPowerSF states that it performs annual financial audits using GAAP specific to government entities. These reports are publicly available and will be provided to the CPUC upon request. As a CCA, once CleanPowerSF's EE plan is certified and programs begin, its current auditing procedures will be extended to include EE program administration data. This will ensure appropriate accounting controls for EE program funds.

Per the requirement of the Governmental Accounting Standards Board Statement No. 34, the management's discussion and analysis will be included to supplement the basic financial statements. To evaluate the effective use of resources and management procedures, CleanPowerSF will also complete all regulatory filings and reports as directed by CPUC staff. These documents will provide the results of program efforts that can be evaluated against the performance metrics identified by CleanPowerSF, including adherence to cost-effectiveness requirements. Thus, the CPUC certifies that

[28] D.14-01-033, pg 29.

the CleanPowerSF is compliant with the auditing and reporting requirements set forth in Section 381.1(f)(4).

EM&V Protocols

D.14-01-033 requires the CCA to establish its own EM&V protocols. However, the CPUC encourages CCAs to use the same EM&V requirements that apply to other EE PAs. The CPUC's role is to certify that a CCA's plan includes EM&V protocols and the various roles of the program administrator and Energy Division in conducting evaluations. In its AL, the CCA should describe clearly and completely the EM&V protocols it will use.[29]

CleanPowerSF states that it will contract with an independent third-party to perform process evaluation or market studies to determine the effectiveness and needs for the successful implementation of the program and future improvements. CleanPowerSF-led studies will be performed according to the CPUC oversight process of IOU EM&V projects as detailed in the EE EM&V Plan. CleanPowerSF will be subject to the same protocol as IOUs for CPUC-directed impact evaluations to determine actual energy savings, benefits, costs, and goal achievement as directed in D.05-01-055. CleanPowerSF projects that it will dedicate around $52,467 of total program budget during the three-year program to evaluate its programs and the EE market. The amount requested is appropriate as it is under the 4% cap for EM&V considering CleanPowerSF's requested budget.

It seems clear that CleanPowerSF understands the different roles of CPUC, independent consultants and PAs, who are involved in EM&V. Thus, the CPUC certifies CleanPowerSF's EM&V protocols as set forth in Section 381.1(f)(5).

Performance Metrics

D.14-01-033 states that "the CCA should provide reports that meets the requirements and format the CPUC has established for IOUs and RENs, as set forth in the Policy Manual Version V."[30] The process for developing Program Performance Metrics

[29] Ibid.
[30] D.14-01-033, pg 30.

(performance metrics) is described in Appendix 2 of D.09-09-047, which approved 2010-2012 EE portfolios and budget. The proposed performance metrics shall comply with the following principles:

- The metrics shall be designed for simplicity and cost effectiveness when considering data collection and reporting requirements.
- Integrated metrics shall be developed for programs that employ more than one technology or approach, such as whole building programs.
- Program models and logic should be dynamic and change in response to external, e.g., market conditions, and internal conditions.
- The metrics shall link short-term and long-term strategic planning goals and objectives to identified program logic models.
- Performance metrics shall be maintained and tracked in the EEGA database (or a similar database to be determined under the guidance of CPUC staff).

CleanPowerSF provides the following Performance Metrics will indicate progress toward meeting the goals and objectives of CleanPowerSF. The specific objective of Section 381.1(f) that each metric addresses (if applicable) is included in parenthesis.

- Program energy savings (381.1(f)(2))
- Tracking and serving underserved communities, including hard-to-reach commercial customers (381.1(f)(1))
- Cost-effectiveness tool ("CET") output
- Tracking the Program cost-effectiveness quarterly (381.1(f)(2))
- Tracking customer non-energy benefits (381.1(f)(2))
- Number of projects referred to other EE programs (381.1(f)(3))
- Number of customers that did not fit other program offerings (381.1(f)(3))
- Percentage of customers audited who install at least one program measure. (381.1(f)(4)
- Percentage of recommended measures installed by customers. (381.1(f)(4))
- EM&V process, tracking, and incorporation into program design. (381.1(f)(5))
- EM&V of project energy savings forecasts and energy savings realized (381.1(f)(5))

CleanPowerSF's list of metrics submitted seem to be the most comprehensive set to-date submitted by a CCA who pursued the elect-to-administer route and included targets. In addition, we encourage CleanPowerSF to follow the metrics that will be filed by all the PAs in the upcoming business plans and the subsequent decision. Once there has been a decision on the PAs business plans, CleanPowerSF should make any needed updates to its metrics in its annual reports. Thus, the CPUC certifies CleanPowerSF's EM&V protocols as set forth in Section 381.1(f)(6).

Analysis of Party Comments and CleanPowerSF Reply Comments

Pay-for-Performance and ESCO model will exclude small and medium business participants

We understand the concerns of SBUA that the pay-for-performance model and use of ESCOs to deliver energy savings may encourage these ESCOs working for CleanPowerSF to target larger customers with the highest load. However, we agree with CleanPowerSF that D.18-01-004, encourages the use of pay-for-performance. In addition, we support the pay-for-performance model, since it limits the risk to ratepayers and rather the ESCO bears the risk to deliver savings. Through our evaluation efforts and review of CleanPowerSF we will monitor the projects that it is delivering through the program regular and annual reports. However, we will not direct CleanPowerSF to target a particular building stock and note that its Program is limited to the food services industry and not sector wide.

Require the Pay-for-Performance program should expand eligible measures

SBUA also asks that CleanPowerSF consider expanding its measure list provided in its AL to include all cost-effective measures. CleanPowerSF in response to the protest states that it will consider expanding measures once it contracts with an ESCO and based on customer needs and maintaining portfolio cost-effectiveness. In this matter we agree with CleanPowerSF that it should and can expand the eligible measure list based on its eventual contract with the ESCO, while also best serving its community and maintaining portfolio cost-effectiveness.

Reporting on types of customers served in Pay-for-Performance program

In its protest, SBUA requests that CleanPowerSF report on the size of the customers served in its Program. CleanPowerSF indicate in its reply that this type of reporting would improve transparency and offers to do so in its annual reports. We agree with both and suggest that CleanPowerSF work with SBUA and CPUC staff in developing a transparent way to do so without being overly burdensome to CleanPowerSF staff, especially for its first annual report.

Aligning filing timelines for all program administrators

PG&E also asks that this draft resolution require that all PAs timelines for its budget and program filings are aligned, and thus if approved CleanPowerSF's authorized budget and programs would last until the end of 2023. To PG&E's first point we note that nothing in D.14-01-033 states that CCAs who pursue the elect-to-administer route required that they are on the same timeline as the other PAs. In addition, the CCAs who pursue this route, were specifically excluded from the requirements of the PAs who are required to file applications.[31] Thus, consistent with the current direction for CCAs who pursue the elect-to-administer route, we will not adopt PG&E's recommendations at this time.

Require all program administrators file joint cooperation memos
In resolution E-5166, we determined that neither the timing nor venue was not appropriate for the Commission to require JCMs between all other PAs and CCAs who elect-to-administer EE programs. While CleanPowerSF did get a chance to reply to this proposal, we continue to believe that a policy change as significant as this should be litigated by more than two parties. Thus, we do not revise our previous determination that the issue of who should be filing JCMs be deferred to the upcoming decision on the February 2022 applications.

COMMENTS

Public Utilities Code Section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the CPUC. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

[31] See OP 6 of D.14-01-033, located here: Decision Search Results (ca.gov)

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS:

1. CleanPowerSF exercised its election right under Public Utilities Code Section 381.1(e) and (f) and Decision 14-01-033 by submitting its Energy Efficiency Program Administration Plan as a Tier 3 advice letter to the California Public Utilities Commission and serving it on all parties on the proceeding R.13-11-005 on August 16, 2022.

2. Decision 14-01-033 adopted a methodology and definition of terms to determine the maximum amount of eligible funding Community Choice Aggregators may elect to administer.

3. Using the adopted methodology from Decision 14-01-033, the maximum amount of funds CleanPowerSF is eligible to collect funds for the administration of its Energy Efficiency Program Administration Plan is $4,579,056.

4. Decision 14-01-033 provided further guidance to Community Choice Aggregators who elect to administer energy efficiency programs on how to seek California Public Utilities Commission approval to elect to administer ratepayer funded energy efficiency programs without filing a formal application. The decision adopted the processes in Public Utilities Code Section 381.1(e) – (g) and the June 20, 2012, Administrative Law Judge's ruling in R.09-11-014.

5. CleanPowerSF 's Energy Efficiency Program Administration Plan was approved by its governing board and contains the plan's funding requirements, a program description, a cost-effectiveness analysis, and the duration of the program.

6. To administer its Energy Efficiency Program Administration Plan, CleanPowerSF seeks $4,579,056 in funds collected by Pacific Gas and Electric from CleanPowerSF's customers through non-bypassable charges (specifically, the Procurement Energy

Efficiency Revenue Adjustment Mechanism and the Public Purpose Program Revenue Adjustment Mechanism).

7. The California Public Utilities Commission directs Pacific Gas and Electric to transfer $4,579,056 to CleanPowerSF to implement its Energy Efficiency Program Administration Plan.

8. CleanPowerSF ’s Energy Efficiency Program Administration Plan is consistent with the goals of the programs established pursuant to Public Utilities Code Sections 381.1 and 399.4 and Decision 14-01-033 and meets the Public Utilities Code Section 381.1(f)(1) criteria.

9. CleanPowerSF ’s Energy Efficiency Program Administration Plan meets the cost-effectiveness requirements and thus meet Public Utilities Code Section 381.1(f)(2) criteria.

10. CleanPowerSF ’s Energy Efficiency Program Administration Plan meets the Public Utilities Code Section 381.1(f)(3) criteria.

11. CleanPowerSF ’s Energy Efficiency Program Administration Plan meets the Public Utilities Code Section 381.1(f)(4) criteria.

12. CleanPowerSF ’s Energy Efficiency Program Administration Plan includes evaluation, measurement, and verification protocols established by the Community Choice Aggregator. CleanPowerSF ’s efficiency evaluation, measurement, and verification proposal meet the Public Utilities Code Section 381.1(f)(5) criteria.

13. CleanPowerSF ’s Energy Efficiency Program Administration Plan includes metrics that meet the Public Utilities Code Section 381.1(f)(6) criteria.

THEREFORE, IT IS ORDERED THAT:

1. CleanPowerSF ’s Energy Efficiency Program Administration Plan, as submitted on August 16, 2021, is certified pursuant to Public Utilities Code Section 381.1(f).

2. Pacific Gas and Electric shall transfer to CleanPowerSF $4,579,056, which it requested utilizing the funding cap formula adopted in Decision 14-01-033.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities CPUC of the State of California held on January 13, 2022; the following Commissioners voting favorably thereon:

/s/Rachel Peterson_
RACHEL PETERSON
Executive Director

ALICE REYNOLDS
President
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE HOUCK
Commissioner

APPENDIX A

Table 1. PG&E Total Portfolio Budget Breakdown by Funding Category

	PG&E's approved budget request in AL 4303-G/5436-E or the 2021 Annual Budget AL	PG&E's approved budget request in AL 4303-G/5436-E or the 2021 Annual Budget AL
Program Category	**Budget Excluded**	**Budget Included**
Statewide and Regional	$213,523,055	$0
Local	$0	$7,444,580
Total Included	$7,444,580	
Total Portfolio	$220,967,635	
% Included	3.37	
% Excluded	96.63	

Table 2. Calculation of CleanPowerSF Maximum Funding

CleanPowerSF Maximum Funding	Total Electricity EE Non-bypassable Charges from CleanPowerSF Customers	Percentage of PG&E's Budget Not Dedicated to Statewide and Regional Programs
$4,579,056	**$45,304,716.68**	**3.37%**