

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

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget (U39M).	Application 12-07-001 (Filed July 2, 2012)
Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.	Application 12-07-002 (Filed July 2, 2012)
Application of Southern California Gas Company (U904G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.	Application 12-07-003 (Filed July 2, 2012)
Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014.	Application 12-07-004 (Filed July 2, 2012)

**COMMENTS OF THE SAN FRANCISCO BAY AREA  
REGIONAL ENERGY NETWORK  
ON THE PROPOSED DECISION APPROVING 2013-2014  
ENERGY EFFICIENCY PROGRAMS AND BUDGETS**

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For THE SAN FRANCISCO BAY AREA  
REGIONAL ENERGY NETWORK

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## I. INTRODUCTION

The Association of Bay Area Governments (“ABAG”) submits this Response on behalf of the San Francisco Bay Area Regional Energy Network (“BayREN”), as directed by the Proposed Decision for the 2013-2014 Energy Efficiency Programs and Budgets, issued by Administration Law Judge (“ALJ”) Fitch on October 9, 2012.

The California Public Utilities Commission (“Commission”) acted decisively earlier this year to adopt a two-year energy efficiency cycle intended to serve, in part, as an incubator and pilot environment for the development of programs that produce deeper, longer-lived energy efficiency, and provide robust gains under Assembly Bill 32 and toward the energy efficiency goals set forth in the *California Long-Term Energy Efficiency Strategic Plan*.

The BayREN thanks the Commission and ALJ Fitch for acknowledging the potential of local governments to design and implement energy efficiency programs, and for recognizing how regional energy networks may combine expertise, leverage diverse relationships and funding sources, realize geographic scale, and build a relationship of trust with the public, to drive efficiency gains and market transformation.

As directed in D.12-05-015, the BayREN submitted its initial Program Implementation Plan (“PIP”) on July 17, 2012. The BayREN participants also established governance, technical, and executive committees, engaged professional consultants and engineers, and committed thousands of staff hours, substantial funds, and other resources in order to comply with the requirements of D.12-05-015 and subsequent rulings from the Commission and ALJ Fitch. Two RENs (the BayREN and the Southern California REN) were able to meet the considerable monetary and resource demands of this process. In this, and execution of our respective programs, we hope to provide a straight-forward and economic process for other regional

government alliances that may wish to follow the REN model in the future, and to facilitate the process for governments with constrained resources.

The BayREN supports the Commission’s finding that RENs are programmatically and functionally autonomous.<sup>1</sup> The BayREN members reaffirm their commitment to a positive and transformative difference in the marketplace of energy efficiency performance, a dynamic partnership with Pacific Gas and Electric (“PG&E”), and responsible and effective use of capital provided by the region’s energy ratepayers. We reaffirm our pledge to meet the high performance, compliance, and policy standards established by the Commission in rulings and procedures, including the Energy Efficiency Policy Manual. Lastly, the BayREN supports the vast majority of the findings, conclusions, and orders of the Proposed Decision and offer a handful of clarifications and recommendations below.

## **II. ISSUES COMMON TO BOTH REGIONAL ENERGY NETWORKS**

The Proposed Decision finds that REN programs seek to address hard-to-reach market segments and, as independent programs, notes that RENs do not have the ability to apply a strict cost-effectiveness standard across a broad portfolio. The Proposed Decision also questions whether the REN, Marin Energy Authority (“MEA”), and utility savings assumptions may have been overly-optimistic. Until the opportunity is open to discuss these questions in greater detail, the BayREN provides initial information as follows:

- The BayREN Single Family-EUC and Multifamily-EUC savings estimates are based upon actual project implementation data from the Los Angeles Flex Path and Better

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<sup>1</sup> The Proposed Decision describes the overarching roles and responsibilities of the IOUs under these agreements to disperse funds and advances, and to provide the customary services of a fiscal agent, such as the advance and disbursement of funds, and fiscal oversight and monitoring. The Proposed Decision directs that the RENs shall be independently empowered, within the parameters granted by the Commission, to design, manage, deliver, and oversee their own programs, without utility interference (pp. 10-11). Of course, the RENs will be independently accountable and responsible for delivering upon the goals of their respective programs, as provided by the provisions of the Energy Efficiency Policy Manual, e.g., cost-effectiveness, reporting requirements, fund shifting, and other policy guidance.

Buildings Program Multifamily pilots, respectively, with the assumption they serve as legitimate and informed reference points.

- Codes and Standards saving estimates were estimated using Codes & Standards savings claimed by PG&E as a measurement basis.

Notwithstanding the above, the BayREN commits to working with Commission staff to further clarify its assumptions and projections and, if necessary, to make any changes as directed by the Commission.<sup>2</sup> We also restate our intent to closely coordinate with PG&E and the local government partnership programs in the BayREN region (which PG&E calls “Energy Watch” programs), so that the parties’ programs are clear, and effective. The BayREN agrees with the Commission that cooperation among program implementers will best serve consumers, and provide optimal momentum to our shared interest in defining the State as a national model for energy efficiency program design, implementation, financing, and workforce catalyst. To facilitate this process, the BayREN has worked with the SoCalREN on a framework for roles and responsibilities between the IOUs and RENs that serves ratepayers, promotes cost-effectiveness, avoids disruption of programs, and respects the time and resources of Commission staff. This framework is provided in Attachment A.<sup>3</sup>

### **III. ISSUES SPECIFIC TO THE BAYREN**

ABAG and the BayREN deeply appreciate the Commission’s serious and thorough consideration of its Program Implementation Plan, and wish to take this opportunity to revisit and clarify for the Commission certain aspects of that Plan.

#### **A. *Defining the BayREN Members***

The introduction to the BayREN program (Paragraph 3.3, p. 34) describes the members of the BayREN, but inadvertently leaves off the County of San Mateo and listed the Alameda

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<sup>2</sup> Proposed Decision, pp. 96-97

<sup>3</sup> The Transition Period is short and in order to facilitate timely and responsible deployment of programs, ABAG and the BayREN support the escrow-and-draw-down model for funding the RENs, which is being recommended by the SoCalREN in its Response to the Proposed Decision.

County Waste Management Agency (instead of Authority). We respectfully request these corrections for the Final Decision.

**B. *Single-Family Energy Upgrade California/Flex Path Program.***

The Bay REN concerns in this area focus on seamlessness of program offerings, the protracted process currently proposed in connection with engagement of a market transformation consultant and development of an enhanced Basic/Flex package model, and potential de facto control by IOUs of REN residential program design.

The model for the BayREN Flex Package program has been launched in Alameda and Sonoma Counties, using Better Building Program funds to capitalize the program through March/April 2013. The BayREN anticipated an enhanced basic package modification and ensuing program changes, and is prepared for a smooth transition to a final enhanced basic package model. At this time, however, public confusion linked with program interruption is a far greater concern.

Based on past experience, we are not confident that a redesigned Flex/Basic Package program will be ready for submittal to the Commission by April 1, 2013. The utilities will have to go through a procurement process for the market transformation consultant, form the working group, and define a process for collaboration. Even if the schedule is met, there is a delay of several months while the advice letter is reviewed. It is difficult to see how the implementation schedule will allow the pilots in Alameda and Sonoma to continue without interruption.

The final decision should allow the Alameda and Sonoma County pilots to proceed and to be funded during any gap that could arise prior to adoption of an enhanced basic path model. From past experience, program modifications can be transitioned in a way that avoids public confusion and contractor distrust. A start/stop schedule, as appears may likely occur, will be detrimental to program success. Contractors rely on a consistent and comprehensive campaign

(including incentives) to drive consumer demand and sustain momentum. Because Flex Package is already offered in select areas of the BayREN region, it is of primary concern that the uncertain status of an enhanced basic path model may inhibit a seamless transition and contractor interest. In order to bridge the likely gap, the BayREN requests \$826,500 be allocated to continue Flex Package pilots in Alameda and Sonoma Counties while the larger process to redesign the program occurs.

The Proposed Decision also directs that upon adoption of an enhanced basic package model, “. . . the RENs would implement the modified EUC Flex Path (or a new program name, if one is agreed upon) in the geographic areas that they cover, while the IOUs would implement the program in the rest of their territory.” The BayREN looks forward to the collaborative and fully mutual engagement process clearly set forth by the Commission<sup>4</sup> for development and adoption of an enhanced basic package model. True partnership with the RENs and their engagement in this process is required to avoid an outcome where RENs are compelled to implement a program they had no role in crafting (affording de facto control over REN programs by the IOUs). This is particularly so where the enhanced basic path model must be offered by the RENs as part of their program portfolio, and the IOUs are permitted to launch a similar but different program in the geographic areas outside of the REN territories.<sup>5</sup> Should the Commission decide to ensure REN partnership in the EUC market transformation process, corresponding modifications to Conclusion of Law 18, and Ordering Paragraph 3 of the Proposed Decision will be needed.

In the alternative, the BayREN respectfully requests that the Commission:

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<sup>4</sup> Proposed Decision, pp. 22-24

<sup>5</sup> Proposed Decision, p. 66. “As discussed above, we expect that redesign to be completed by April 2013, and for the RENs to launch the revised program within their geographic regions at that time, with the IOUs launching the same or substantially similar programs in the service territory areas not covered by the RENs.”

(1) Clarify that the existing Alameda and Sonoma County Flex Path pilots may continue and that they be funded during any gap between ARRA funding and approval by the Commission of the enhanced Basic /Flex Path, so as to:

- Enable a seamless program delivery and create market stability
- Enable the BayREN to provide valuable data and feedback on the Sonoma and Alameda County approaches - which differ from SoCalREN - and have the potential to provide valuable comparative data that can be used to inform the redesign of the program
- Maintain and build upon current contractor relationships established through various channels (homeowner workshops, co-op marketing, etc.) to prime the market for any new program; and

(2) Provide direction to the parties for coordination and execution of a collaborative, mutual, and equitable process for creating an enhanced basic path model, with any adjustments necessary to schedule and budget this and other collaborative processes that may be directed in the Final Decision.

The BayREN appreciates the CPUC concept for an enhanced Basic/Flex that promotes deeper retrofits and serves as an on-ramp to the Whole House program/advanced path. The BayREN commits to working with the IOUs, Commission Staff, and others (e.g., a market transformation consultant and other stakeholders) to craft an alternative model that meets these criteria yet observes the *raison d'être* of a basic/flex package – to deliver to the market a simple offering that avoids the complexity and cost barriers of an advanced package, is user-friendly to consumers and contractors, and addresses hard-to-reach market groups.

### **C. Multifamily Energy Upgrade California Program**

The BayREN will implement a multifamily program that targets underserved customers and complements the existing IOU programs; and plans to continue coordination through the Multifamily Home Energy Retrofit Coordination Committee (“HERCC”).



Presently, the BayREN respectfully emphasizes the need for coordination with PG&E in the delivery of trainings specifically targeted to multifamily professionals. The Proposed Decision directs the IOUs to include professional trainings in the MFEER program and to update their Workforce Education and Training plan. The BayREN has specific plans to offer trainings to Central System and General Contractors who work on multifamily buildings. Local governments plan to continue to offer trainings to multifamily property management staff as decision makers of upgrades and to influence behavioral/operational savings. The Commission should direct both the IOUs and the RENs to take their respective training activities into account when developing workforce development plans. If the Commission agrees in this matter, corresponding modifications to Conclusion of Law 59 and Ordering Paragraph 25 of the Proposed Decision will be needed.

**D. *Financing Portfolio Subprogram.***

The BayREN deeply appreciates the Commission's reservation of funding for its Financing Subprograms related to Single Family-Energy Upgrade California and Multifamily Energy Upgrade California. Member governments of the BayREN have contributed in a responsible and meaningful fashion to the Commission's consideration of a statewide financing program. We appreciate that this process continues. In this regard, the BayREN reserves its specific comments on proposed financing pilot programs and on the report of recommendations submitted by the statewide financing consultants (collectively referred to as the Financing Consultants) on October 19, 2012 (Recommendations for Energy Efficiency Finance Pilot Programs), for further action to be taken and directed by the Assigned Commissioner.

The BayREN notes that, based on our experience developing and implementing programs, it is crucial that financing products are not treated as stand-alone tools, but rather as critical and integrated components of any comprehensive residential and commercial market

transformation approach to meet the State's energy savings goals. For this reason, the BayREN respectfully requests reconsideration of specific program elements, described below, which we have re-described in response to the Proposed Decision. These are crucial mechanisms for launching emerging programs in under-performing market segments that are, nonetheless, capable of providing deeper, longer-lived, and multi-disciplinary efficiencies.

### **1. Commercial PACE**

First, the BayREN apologizes for not clearly articulating our Commercial PACE Proposal. The BayREN Commercial PACE subprogram is not intended to compete with or be duplicative of the CaliforniaFIRST PACE Program, but to backfill critical programmatic gaps that multiple stakeholders have unanimously identified as barriers to market uptake. More specifically, over the past 18 months, members of the BayREN Executive Committee have consulted with banks (local and national offices), credit unions and other lending institutions, Renewable Funding and other Commercial PACE administrators,<sup>6</sup> PACE implementers in other states and communities, Commercial PACE enrollment brokers, commercial contractors, and other stakeholders, to identify structural, functional, and operational barriers that explain the slow emergence and uptake of this program. The consensus is that the market has been stymied, principally due to lack of:

- (a) quality assurance/quality control processes or funding
- (b) streamlined, electronic loan processes
- (c) incentives, e.g., for professional audits, loan enrollment fees, etc.; and
- (d) funding to develop and implement strategic engagement and marketing plans specific to this consumer sector, deliver messages and data to drive awareness and action, and thus provide lenders assurance that effective plans are being deployed to stimulate the market for this loan product.

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<sup>6</sup> Ygrene Energy Fund and Fig Tree.

It is important to note that none of the existing Commercial PACE offerings currently available in the State include resources, staff, or funding for any of these mechanisms (including CaliforniaFIRST, with whom we have extensively consulted). Where financing programs have traction and momentum, including programs referred to by the Financing Consultants under their Recommendations for Energy Efficiency Finance Pilot Programs, those programs rely for performance upon marketing, loan loss reserves, incentives, and other credit enhancements.<sup>7</sup> By contrast, current Commercial PACE offerings in the State lack any such support.

While the BayREN does not suggest that any program be implemented without a prospective transition plan for effective implementation independent of incentives, we believe the journey to establish emerging programs and drive demand begins with a reasonably- and responsibly-supported effort at the outset. Without these program tools, the stakeholders and actors in the Commercial PACE arena are not optimistic that a Commercial PACE Program can be successfully launched.

## **2. Commercial PACE Incentives and Program Elements**

We respectfully restate the propositions of III.D.1 above, with additional detail on the BayREN's submission of a modified and down-scaled request for the Commission's consideration. Said request only extends to a request for a funding reservation, subject to further evaluation and final disposition by the Assigned Commissioner pursuant to the provisions of the Proposed Decision.<sup>8</sup> In addition, the BayREN may also propose to fund a portion of the modified request below from existing program funds approved or provisionally approved under the Proposed Decision:

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<sup>7</sup> E.g., Pennsylvania's Keystone Program has driven success in great part based upon these elements, including interest rate buy-downs and an extensive ME&O program funded by the State. By comparison, the State's effort to transition this program to the private sector has met with weak response and no transition, owing to the incompatibility of these incentives, mechanisms and elements with the profit motive and structure of the private sector.

<sup>8</sup> Proposed Decision, p. 61.

- (e) Loan Loss Reserve (\$-0-) The BayREN withdraws its request for the \$3.625 million Commercial PACE Loan Loss Reserve / General Debt Service Reserve
- (f) Administration – A modified and down-scaled request for \$580,000 (\$380,000 for 2013; and \$200,000 for 2014). This includes costs estimated by Renewable Funding to enroll and validate Commercial PACE programs in the BayREN counties of Napa, Marin, and Contra Costa, so that the equity and consistency of regional offerings inherent in the REN model may be attained for the Commercial PACE Program.
- (g) Audit Incentives – \$ 423,750 (\$148,310 in 2013; \$275,440 in 2014) The only commercial audits with incentives currently available are “walk-thru” audits that do not provide the specificity or certainty of savings projections necessary to demonstrate cost-neutrality between the cost of a commercial retrofit loan and the energy efficiency cost savings. Also, we regret the BayREN Program Implementation Plan was not clear that the funding pool for Investment Grade Audit incentives was to operate as a revolving fund, since these incentives are either returnable if no retrofit is undertaken, or recoupable when a retrofit loan is enrolled
- (h) Financing-Dedicated Marketing, Education, and Outreach Fund – A modified and down-scaled request for \$ 325,000 (\$200,000 for 2013; and \$125,000 for 2014). This will be used to develop and implement strategic engagement and marketing plans targeted to this specific market<sup>9</sup>.
- (i) Loan Enrollment Advance – \$350,000 (\$150,000 in 2013; \$200,000 in 2014). This is a newly-proposed element which, if necessary, may be funded through budgets already approved or reserved under the Proposed Decision. Again, this incentive is structured as a revolving fund, with incentives added to and recoupable from enrolled loans (this incentive does not apply unless a retrofit loan process is initiated).

The BayREN respectfully submits that this modified request for reconsideration of Commercial PACE program elements meets the threshold of review set forth in the Proposed Decision,<sup>10</sup> specifically that same secure activities utilities cannot perform, represent pilot activities where no current utility program PACE program exists, demonstrate potential for scalability to a broader geographic reach, if successful, and are structured to address hard-to-

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<sup>9</sup> However, the BayREN notes that the Commission is concerned there may be duplication between the BayREN and PG&E ME&O budgets, and we agree it is not clear that they are additive and not overlapping. The BayREN looks forward to clarifying this with PG&E as soon as possible.

<sup>10</sup> Proposed Decision, p. 16.

reach markets (regardless of whether some overlap with a utility program may exist). It is also supported by lender engagement and other stakeholder support garnered by the BayREN over the past 8 months.

### **3. Multifamily Co-financing Pilot**

Consistent with the report submitted by the Financing Consultants, the BayREN looks forward to implementing the multifamily co-financing pilot in a limited BayREN area in order to see if it proves to be among the valuable tools for a portion of property owners in this diverse market sector who might be receiving incentives but lacking up-front capital to undertake upgrades. The BayREN's current program provides a simple lending product that could be quickly deployed in conjunction with the bundled measures incentives as one piece of an integrated approach that will help "close the deal" with property owners. On-bill repayment ("OBR") financing should also be available as an option to which we can refer property owners during technical assistance.

#### **E. Codes and Standards**

ABAG and the BayREN wish to express their appreciation for approval of the BayREN Codes and Standards subprogram, and commit to any mid-cycle or other process for evaluating progress and outcomes.

#### **F. Miscellaneous**

In addition to the comments specific to the BayREN Program under this Section III, the BayREN strives to undertake any and all actions, measures and strategies necessary to:

- (1) Avoid duplication of programs with direct and indirect PG&E programs.
- (2) Avoid overlap or duplication between ME&O budgets submitted by PG&E and the BayREN.
- (3) Facilitate final analysis, evaluation and approval by the Assigned Commissioner of funds reserved but not yet approved under the Proposed Decision.

(4) Convene and optimize the outcomes of stakeholder groups, periodic and routine program evaluation efforts, program development processes (e.g., enhanced basic package and a statewide financing portfolio), and all other proceedings directed or recommended by the Commission; and

(5) Coordinate, refine, and harmonize the roles and responsibilities between the BayREN and PG&E (as fiscal agent), and to optimize the benefits and utility of this relationship.

#### **IV. ADDITIONAL PROVISIONS OF THE PROPOSED DECISION**

ABAG and the BayREN take this opportunity to express their support of, commitment to, or requests relating to other provisions of the Proposed Decision, as follows:

##### **A. *Marin Energy Authority Leverage of BayREN Programs***

Subject to further consideration of the BayREN's Commercial PACE Program proposal, the BayREN will work with MEA to provide financing options in support of MEA's Small Commercial Program targeted to high energy use segments.<sup>11</sup> The parties also commit to working with MEA to leverage BayREN programs elements for greater uptake of MEA's Single Family Utility Demand Reduction Program.<sup>12</sup>

##### **B. *Spill-Over Effects***

The BayREN supports the Commission's interim approach in applying a 5 percent across-the-board "market effects adjustment" to address the matter of spillover effects in advance of additional research and refinement by the Commission staff during the Transition Period.<sup>13</sup>

##### **C. *Combined Financing Program Elements***

The BayREN supports the Commission's determination that multiple financing programs provide benefit to consumers,<sup>14</sup> especially when launching new programs for finance and PACE

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<sup>11</sup> Proposed Decision, pp. 45-46

<sup>12</sup> Proposed Decision, pp. 46-47

<sup>13</sup> Proposed Decision, pp. 53-54

offerings. The BayREN will work diligently with PG&E to harmonize program coordination, marketing, and geographic coverage in preparation for EUC advice letters to be filed with the Commission on April 1, 2013. The BayREN also will track and record program and project data that will be useful in informing future programs. Conclusion of Law 53 states that utilities should not be prohibited from offering both incentives and financing options for the same measure in 2013, but should pilot the appropriate balance of both while balancing cost-effectiveness considerations. RENs should be permitted to do the same as the IOUs.

**D. *Timing of Financing Programs***

The BayREN comprehends the significant challenge of establishing OBR systems and programs within the first quarter of 2013. We trust that any delays in their implementation will not interfere with implementation of financing programs by the RENs and the Marin Energy Authority Community Choice Aggregation.

**E. *Financing Program Decisions by the Assigned Commissioner***

With regard to new financing pilots, the BayREN will undertake any and all actions necessary to inform and facilitate deliberations of the Assigned Commissioner regarding final decisions on content and implementation.<sup>15</sup>

**F. *Combined Demand-Side Investments***

The BayREN supports the Commission's decision to allow bundling of alternative demand-side investments only where alternative funding is secured for non-energy measures and retrofits.<sup>16</sup>

**G. *Behavioral Programs***<sup>17</sup>

Members of the SoCalREN and BayREN have implemented behavioral pilots and behavioral-based marketing of energy efficiency programs that parallel requirements under

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<sup>14</sup> Proposed Decision p. 61

<sup>15</sup> Proposed Decision, p. 61

<sup>16</sup> Proposed Decision, p. 62

<sup>17</sup> Proposed Decision, p. 72

D.10-04-029 (employ comparative energy usage, ex post quantification, and experimental design). The RENs should be included as interested stakeholders in the process recommended in the Proposed Decision<sup>18</sup> for expansion of future behavioral programs.

#### **H. *Energy Upgrade California Working Group***

The Proposed Decision requires a cooperative design and implementation approach that involves all parties with an interest in Energy Upgrade California. The BayREN requests clarification whether this body is to replace the EUC Steering Committee (led by the CEC).<sup>19</sup> If that is the case, the RENs wish to participate, including the ability to inform selection of the market transformation consultant that will facilitate this effort.

#### **I. *REN Compliance Filings***

The BayREN supports and shall comply with the provisions of the Proposed Decision,<sup>20</sup> governing corrected Program Implementation Plans, and respectfully requests clarification between the deadlines set forth on Section 7.2 (page 97) and in Ordering Paragraph 43.

### **V. CONCLUSION**

Regional Energy Networks of local governments are prepared to continue and expand upon significant contributions to the State's energy goals. The RENs will serve as a practical, prudent and effective system for delivering deeper and longer-lived energy efficiencies, as well as innovative behavioral and market transformation programs. These new actors will deploy an arsenal of experience and program mechanisms including without limitation leveraged infrastructure and programs put in place with ARRA grants, regional and local policies that respond to climate protection legislation and resource conservation, and dynamic collaborations among peers and other stakeholders to obtain and maximize funding and other support from diverse sources. Importantly, the RENs are committed to serving as effective allies and partners

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<sup>18</sup> Proposed Decision, pp.72-73

<sup>19</sup> Proposed Decision, Ordering Paragraph 3, pp. 117-118

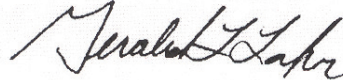
<sup>20</sup> Proposed Decision, pp. 97-98



to the Utilities, and to expand upon their strong relationships with utility local government partnership programs.

The BayREN applauds the Commission for recognizing the past performance and future capability of local governments alliances structured to implement large-scale, consumer-facing programs on a consistent, uniform and comprehensive regional basis. Regional Energy Networks represent evidence-based change, and the BayREN will take advantage of every opportunity to expand upon this record and to lend new momentum to the Commission's energy efficiency goals.

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For THE ASSOCIATION OF BAY AREA  
GOVERNMENTS

## ATTACHMENT A

### IOU/ REGIONAL ENERGY NETWORK ADMINISTRATIVE ROLES AND RESPONSIBILITIES

#### Purpose

By harnessing the collective action of local governments, the Regional Energy Networks (RENs) offer a new and creative way to generate significant and deeper energy savings. Pursuant to D. 12-05-015, the RENs are independently accountable for delivering results outlined in their respective Program Implementation Plans (PIPs), as directed by the Commission's Final Decision. As the fiscal/budget agents serving a ministerial role for implementation of the REN PIPs, the Joint Utilities are not accountable for the RENs' accomplishments but will receive attribution for the energy savings derived thereunder. There is precedence for independent energy efficiency program implementation, and discrete, leveraged and measurable REN Programs serve key objectives identified in D. 12-05-015 for the Energy Efficiency 2013-2014 Transition Period.

While the role of the Joint Utilities is to serve as a funding mechanism and budget agent to the RENs, rather than as contractors for third-party services, this model also provides for creation of Coordinating Committees to ensure that transparency, ongoing dialog and issue resolution between the RENs and the Joint Utilities is a key component of program implementation. Joint commitment to success and ongoing communication will enable both the RENs and the Joint Utilities to achieve collective success.

#### IOU's Primary Responsibilities:

- Within 60 days of issuance of Final Decision, execute contracts with the RENs for scopes of work pursuant to Final Decision, as embodied in PIPs (no later than January 30, 2013)
- Act as fiscal agent/conduit for funding, per the Final Decision, to the RENs
  - Timely advance and/or transfer of payments to the RENs for Authorized Work, as outlined in the contract
- Receive and submit to the CPUC ED Division all required documents and other pertinent program information submitted by the RENs
  - Required documents include:
    - Monthly status reports
    - Invoices
    - Budget summaries and updates
  - IOU level of scope oversight

- Timely review invoices to confirm that activities identified on the invoice are activities included in the approved scope of work
  - Ensure invoices that are submitted are consistent with the approved scope of work
  - Ensure sufficient budget authority in the applicable budget categories to pay the invoices
  - Identify any potential budget issues that may arise
- Participate in the IOU/REN Coordinating Committee
- Provide recommendations on enhanced coordination between REN programs and IOU programs
- Work with the RENs, and other stakeholders, in developing a jointly approved, enhanced Flex Path Program
- Work with the RENs in developing Financing Pilots and determining the scope and geographic reach for all financing programs receiving CPUC support
- Work with the RENs in coordinating REN and IOU Local Government Partnership activities
- Identify data needed from the RENs to determine and assess overall IOU portfolio achievement of goals and cost-effectiveness criteria
- Work with the RENs to understand those changes to REN budgeted programs that are under the RENs' authority and those requiring an Advice Filing

**REN's Primary Responsibilities**

- Accountable for delivering the scope of work in the PIP, as directed by the CPUC Final Decision
- Implement the proposed governance structure
- Hire necessary subcontractors and manage subcontractors
- Provide timely invoices to IOUs on expenditures
- Providing monthly, quarterly and annual reports to IOUs
  - status of progress in achieving scope of work
  - budget status

- report actual experience and information on program accomplishments, budget expenditures, energy savings and any program design modifications and case study examples of project performance
- Ensure ongoing coordination among the RENs re: sharing of lessons learned, best practices, common program design opportunities and other implementation innovations
- Participate in REN/IOU Coordinating Committee
- Participate in the IOU/REN Coordinating Committee
- Provide recommendations on enhanced coordination between REN programs and IOU programs
- Work with the IOUs, and other stakeholders, in developing a jointly approved, enhanced Flex Path Program
- Work with the IOUs in developing Financing Pilots and determining the scope and geographic reach for all financing programs receiving CPUC support
- Work with the IOUs in coordinating REN and IOU Local Government Partnership activities
- Work with the IOUs to provide early descriptions of those changes to REN budgeted programs that are under the RENs' authority and those requiring an Advice Filing

### **IOU/REN Joint Responsibilities**

- All parties agree to work collaboratively to ensure successful attainment of the program goals, targets and outcomes.
- Establish a REN/IOU Coordinating Committee in each REN region, which shall operate transparently and collaboratively to serve critical advisory and resolution purposes. More specifically, and by way of example, the Coordinating Committees shall provide a mechanism for multiple actions, including but not limited to the following:
  - Meet on a regular basis to discuss progress, potential issues;
  - Ensure roles and responsibilities are understood and appropriately implemented (i.e., no duplication of services);
  - Ensure no “double dipping” of REN or IOU incentives are occurring;
  - Ensure IOU incentives are being processed;
  - Ensure IOU ratepayer dollars are being utilized only for IOU ratepayer benefit (especially in municipal utility territories);

- Ensure only energy efficiency or approved integrated demand side management measures are being supported with EE program funding;
  - Discuss appropriate transfer of data and/or other paperwork is occurring to support IOU and REN programs;
  - Review potential cross-support between REN and IOU-controlled Local Government Partnership/Energy Watch Programs
  - Ensure that agreements between RENs and IOUs regarding EUC and financing program delivery are being followed
  - Resolve program delivery issues that have been overlooked under existing agreements (especially involving POU territories, non-joint SCE/SCG territories, joint PG&E and SCE/SCG territories)
  - Serve as a forum for mutual issues, e.g., EMV, cost-effectiveness criteria, access to data, etc.
- In the event of any disputes in these or other areas, the Coordinating Committee will identify and work to resolve the issues and, if useful to speedy and equitable resolution of issues, engage a facilitation process to ensure success.

### **Role of Energy Division**

- CPUC conducts annual and post-project EM&V through third party contractor
- Consider and approve program modifications submitted via Advice Filing (project/program improvements to realize emerging opportunities for deeper, longer-lived energy efficiencies)
- Conduct occasional site visits to evaluate/assess program progress with an “on the ground” perspective
- Host regular (quarterly, semi-annual) progress meetings at CPUC offices to review program progress, accomplishments

## Attachment B

### **Proposed Modifications to Findings of Fact, Conclusions of Law, and Ordering Paragraphs**

#### Conclusion of Law 16:

While the EUC Flex Path and Basic Path options are improved, SoCalREN and BayREN should only be allowed to offer the Flex Path/Flex Package in the geographic areas where their respective ARRA-funded Flex Path/Flex Package was previously offered, and not expand the programs into other geographic areas. This condition should also be applied to the SoCalREN and BayREN financing programs. The SoCalREN and BayREN will be permitted to fund and implement their modified basic package models on this limited geographic scale in the event the improved EUC Flex Path and Basic Path options are not approved and ready for implementation by April 1, 2013.

#### Conclusion of Law 18:

One of the utilities, with the assistance of the market transformation consultant, should co-chair a working group of EUC implementers and the working group should choose two a non-utility co-chairs, including at least one REN representative co-chair ~~that is a non-utility representative.~~ This group should cooperatively re-design the EUC Basic Path and/or Flex Path approaches in consultation with Commission and CEC staff. A New utility and REN PIPs should be produced no later than April 1, 2013 and filed in an advice letter with the Commission. The program designs to be implemented by RENs and utilities need not be identical but should be similar, and should be capable of being marketed jointly. The PIPs should also detail where the program will be implemented by RENs or utilities. This same geographic agreement should apply to the financing programs implemented by the RENs.

#### Conclusion of Law 20:

Since the BayREN will implement the Flex Path of EUC ~~only after the re-design of the offering is completed,~~ only in the pilot areas of Alameda and Sonoma counties until approval and implementation of the improved Flex Path and/or Basic Path, their budget allocation should be one-half of their proposal.

#### Conclusion of Law 32:

The BayREN PACE Program proposal should ~~not~~ be funded as modified in this Decision, in order to optimize market uptake of, ~~but instead should utilize~~ the CaliforniaFIRST model.

#### Conclusion of Law 53:

Utilities and the RENs should not be prohibited from offering both incentives and financing options for the same measure in 2013, but should pilot the appropriate balance of both while balancing cost-effectiveness considerations so that we may learn more about customer acceptance of the products.

Conclusion of Law 59:

The utilities shall improve their MFEER program design and implementation plans to go beyond lighting measures, ensure corporate-level outreach, provide training and certification for contractors, and offer technical assistance for building owners. Because RENs will similarly be offering contractor trainings and workshops relating to the multifamily market, the utilities and the RENs shall consult with each other and take their respective training activities into account so as to avoid duplication among workforce development plans.

Ordering Paragraph 3:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company shall mutually agree and select one utility to hire a market transformation consultant to assist with the design and implementation of the Energy Upgrade California (EUC) program. The chosen utility shall also co-chair an informal working group of EUC program implementers. The working group shall choose ~~one~~ two a non-utility co-chairs, including at least one REN representative co-chair.

Ordering Paragraph 7<sup>21</sup>:

Pacific Gas and Electric Company shall enter into a contract, no later than 60 days after the issuance of this decision, with the Association of Bay Area Governments on behalf of the San Francisco Bay Area Regional Energy Network for a maximum of ~~\$26,117,750~~ \$27,546,500 to fund the following programs to be available in 2013 and 2014:

- a. Energy Upgrade California Single Family
- b. Energy Upgrade California Flex Package (in limited geographic areas pending final approval and implementation of the enhanced Flex Path and/or Basic Package)
- c. Energy Upgrade California Multi-Family, including the Multi-Family Co-Financing program
- d. Single-Family Loan Loss Reserve (funding reserved pending further Decisions on the program design)
- e. Multi-Family Loan Loss Reserve (funding reserved pending further Decisions on the program design)
- f. Commercial PACE Administration
- g. Commercial PACE Audit Incentives (tiered and recoupable in part through a revolving fund)
- h. Financing-Dedicated Marketing, Outreach and Education Fund

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<sup>21</sup> This revision includes, for consistency, all proposed changes, including those under the Financing Portfolio Subprogram for Commercial PACE.

- i. Loan Enrollment Advance (tiered and recoupable in part through a revolving fund) to be funded from the BayREN Financing Portfolio Subprogram existing incentives budgets
- j. Pay As You Save Water Efficiency Pilot
- k. Codes and Standards

Ordering Paragraph 25:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company shall update their program implementation plans for the multi-family energy efficiency rebate program to go beyond lighting measures, address corporate-level outreach, ensure appropriate training and certification for contractors, and offer technical assistance to building owners. Because RENs will similarly be offering contractor trainings and workshops relating to the multi-family market, the utilities and the RENs shall consult with each other and take their respective training activities into account so as to avoid duplication among workforce development and program implementation plans.