

SoCalREN

DRAFT

Energy Efficiency Business Plan

Portfolio Summary Chapter

November 2016

Table of Contents

A. Portfolio Summary.....	1
B. Portfolio Vision and Goals.....	2
C. SoCalREN Portfolio Compared to Previous Cycles.....	4
D. SoCalREN Portfolio Strategies.....	6
E. Portfolio Budget and Cost Effectiveness.....	7
F. Portfolio Metrics.....	8
Appendix A: Stakeholder Feedback – Portfolio Summary.....	A-1
Appendix B: Compliance Checklist.....	B-1

DRAFT

SoCalREN Portfolio Summary

Chapter

A. Portfolio Summary

The California Public Utilities Commission (CPUC) has long recognized the need for a more comprehensive, integrated model for energy efficiency (EE) and has identified new mechanisms to help achieve the State's EE and climate goals. The CPUC is looking to Program Administrators to adopt a conceptual framework more comprehensive and forward looking.

In 2012, the CPUC authorized the piloting of **Regional Energy Networks**.¹ This authority recognized the value of public agency leadership to meet local needs and priorities while pooling energy management resources. In addition, the CPUC acknowledged local governments are likely better positioned to administer EE programs for public agencies, serving as innovators to guide others.

The mission of the SoCalREN is to harness the collective action of public agencies to save energy and lead their communities on the pathway to a safe, secure, resilient, affordable and sustainable energy future.

The Southern California Regional Energy Network's (SoCalREN) portfolio delivers strategies motivating customers to adopt more comprehensive energy efficiency approaches which are characterized by deeper, longer-lasting savings. Comprehensive EE strategies are essential for California to meet aggressive climate action goals. The California Air Resources Board's (CARB) Scoping Plan relies on large greenhouse gas (GHG) emissions reductions from EE programs to meet California's GHG emissions reduction mandates set in AB 32. AB 758 authorized the California Energy Commission (CEC) to develop a comprehensive statewide program, in collaboration with the CPUC, to achieve greater EE in all residential and non-residential **existing** buildings in California.² Furthermore, the Strategic Plan set bold retrofit targets for the existing building stock, including (a) 40% consumption reduction in residential dwellings by 2020 and (b) 50% of commercial buildings meeting Zero Net Energy (ZNE) by 2030.³ SB 350 requires the state to significantly reduce GHGs, and significantly increase renewable energy resources and existing building energy efficiency by 2030. In addition to this legislation, a number of other influences helped shaped SoCalREN's EE business plan including evaluation studies, market trends, customer needs, stakeholder input and program experience.

¹ D.12-11-015, Ordering Paragraph (Op.) 2

² Existing Buildings Energy Efficiency Action Plan. September 2015.

³ California Long Term Energy Efficiency Strategic Plan, September 2008. p.6

The SoCalREN is administered by the County of Los Angeles. SoCalREN serves residents, businesses, and public agencies within the Southern California Edison (SCE) and Southern California Gas (SoCalGas) territory, encompassing 12 counties and a population over 20 million.

SoCalREN's services complement and supplement investor-owned utility (IOU) programs, seek to fill gaps, and find synergies among approaches to maximize opportunities for customers and other market actors. SoCalREN's portfolio, as follows:

- Continue the implementation of the California Energy Efficiency Strategic Plan (CEESP);
- Increase participation of public agencies and their communities in EE programs and strategies;
- Provide technical assistance, resources, expertise and support to motivate public sector leadership and inspire local energy action;
- Utilize pooled regional resources and services to achieve economies of scale;
- Overcome barriers and fill gaps to achieve deep retrofits within public buildings and residential housing;
- Leverage ratepayer EE funds with non-ratepayer financing options;
- Support local adoption of model codes, standards and policies;
- Streamline administrative practices to gain efficiency opportunities within the portfolio;
- Identify the most cost effective strategies with attributable indirect savings; and
- Build the pathway to a ZNE energy future.

B. Portfolio Vision and Goals

SoCalREN envisions a future in which public agencies and their constituents play an active leadership role in shaping ZNE communities that are safe, secure, resilient, affordable and sustainable. SoCalREN harnesses the collective action of public agencies and their communities to save energy and move forward on the pathway to ZNE. SoCalREN's long term portfolio fulfills this vision by offering an array of solutions for public agencies and their communities aligning with the state's energy goals, overcoming barriers, motivating public agencies, and driving community leadership in clean energy solutions.

Public agencies play a critically important role in achieving the States' EE and ZNE goals contributing to meeting the state's aggressive energy and climate goals.⁴ Unleashing the potential of the public sector to lead by example and motivate community action is key to charting the pathway to ZNE communities.

By focusing on the design and development of ZNE communities and creating appropriate metrics and milestones to measure progress, public agencies can move beyond individual building by building solutions to community-wide solutions that consider all sources and uses of energy within their boundaries, identify the best approaches for coordinated project investments, and leverage broader opportunities and benefits for their citizens.

⁴ Zero Net Energy 2.0, Rocky Mountain Institute, RMI Outlet, March 12, 2012.

SoCalREN's portfolio focuses on the newly created public sector market. It will support the public sector to drive the market to ZNE communities through key intervention strategies and cross cutting support. SoCalREN's portfolio includes strategies providing the public sector and its communities with expertise, resources, and support they need to create a safe, secure, and resilient energy future that is decarbonized, diversified, and decentralized.

SoCalREN Meeting CPUC REN Goals

Since its' launch in 2013, SoCalREN has successfully met the criteria set forth by the CPUC for RENs. In D.12-11-015, the CPUC directed the RENs to deliver programs and activities that met a threshold of criteria:⁵

1. Activities that utilities cannot or do not intend to undertake.
2. Pilot activities where there is no current utility program offering, and where there is potential for scalability to a broader geographic reach, if successful.
3. Pilot activities in hard to reach markets, whether or not there is a current utility program that may overlap.

As a peer driven-organization where public agencies learn from one another, SoCalREN brings special expertise and relationships with customers that other administrators or local government partnerships do not possess. SoCalREN successfully complements and supplements the activities of existing Local Government Partnership (LGP) programs as well as other public sector energy efficiency programs administered by SCE and SoCalGas. In addition, the SoCalREN is able to add significant depth and value to its service offerings using not only CPUC ratepayer funds, yet also by leveraging non-ratepayer funds from others such as the CEC, the Department of Energy (DOE), and publicly-owned utilities. SoCalREN's business plan anticipates increased future opportunities to leverage funds from these current as well as new funding partners such as Community Choice Aggregation (CCA) authorities.

Goals

Over the next eight years, 2018-2025, SoCalREN will achieve the following goals to support the implementation of EE strategies and provide the foundation for achievement of a ZNE energy future. In both the residential and public sectors, SoCalREN provides needed technical assistance, tools, resources, and community engagement.

Table 1. Energy Savings Goals 2018-2025

Gross Energy Savings Goals	GwH	Therms	MW
Residential	TBD	TBD	TBD
Public Sector	TBD	TBD	TBD
Subtotal	TBD	TBD	TBD

⁵ D.12-11-015 Citation needed

Table 2. Market Sector Goals

Portfolio Goal	Public	Residential
Save GWh, MW, and MM Therms	Save XX GWh, XX MW, and XX MM therms over an eight year period.	Save XX MW, XX MWh and XX therms focusing on deep retrofit opportunities within multifamily/single family properties.
Increase public agency engagement and influence a greater proportion of customers	Increase the percentage of public agencies engaging their communities in energy actions and ZNE strategies, thereby reducing overall community energy consumption.	Demonstrate public agency actions toward promoting energy efficiency, targeting a goal of X% increase of agencies making energy efficiency commitments.
	Increase the ability of public agencies to meet local, regional and state energy targets and policy goals through (1) creating a regional energy master plan and (2) creating regional energy information databases.	Drive program participation through local outreach and engagement about energy efficiency and ZNE, engaging X% additional potential program participants.
Integrate energy efficiency with other DER options and compliance enhancements to enable a pathway to ZNE future	Increase the percentage of agencies completing energy efficiency and DER upgrades to their own buildings and facilities from xx% to yy%.	Transform home improvement markets to apply whole house energy solutions to existing homes by integrating energy efficiency with other DER options within x% of residential buildings.
	Increase the percentage of agencies adopting model codes, standards and policies that support implementation of ZNE communities.	
Increase operational efficiency		Increase residential program implementation efficiencies by reducing administrative and marketing costs. Reduce residential energy efficiency program costs of \$/kW, \$/kWh and \$/therm saved by x% through the use of cost effective program models.

C. SoCalREN Portfolio Compared to Previous Cycles

Since its inception in 2013, SoCalREN has sought to fill critical gaps and overcome barriers by piloting activities to meet the state's EE and climate goals. This experience has provided context in which lessons learned from experience now inform design of the 2018-2025 portfolio.

SoCalREN's portfolio focuses on a comprehensive set of offerings that will drive public sector and residential sector market participants toward ZNE.

The proposed Business Plan continues the key public sector intervention strategy of EE project delivery. This existing program will be enhanced over time with the integration of DER into the program offerings. In addition, the portfolio continues to build on its successful community engagement activities to inspire local energy action. Resources that previously supported the Water Energy Nexus and Community Energy Efficiency Permit Management System (CEEPMS) program are reallocated to support enhancements to SoCalREN's project delivery and community engagement strategies.

New public sector intervention strategies include the implementation of regional energy planning and databases that are critically important for local energy planning and decision-making. SoCalREN is adding a new intervention strategy to engage and support local governments in adoption of model reach codes, standards and policies to build the pathway to ZNE. Details on these strategies are included in the Public Sector chapter.

In the residential sector, SoCalREN is continuing its successful multifamily resource program as it remains a significant underserved market. However, over the mid and long term, SoCalREN hopes to identify possible new pilots or projects that can help drive more cost effective approaches and increase customer participation within that segment. Further details are outlined in the Residential Sector chapter.

The portfolio includes a new activity for marketing, education, outreach and customer support to access residential PACE funding. SoCalREN will be establishing residential benchmarking data as a way to enable residential property owners to make informed decisions about energy investments.

In concert with its effort to continually identify areas of duplication and incorporating more cost effective practices, SoCalREN is discontinuing the implementation of the residential Energy Upgrade California® program (aka Flex Path Incentives) and related incentives since this program can be more effectively integrated with existing IOU programs. SoCalREN intends to transition this program to SCE and SoCalGas by end of 2017.⁶

⁶ Reference to non-resource strategies remaining

D. SoCalREN Portfolio Strategies

SoCalREN's strategies focus on inspiring leadership and action by public agencies and their communities. Each strategy overcomes identified barriers and/or fills gaps in the market. Details are included in the relevant sector chapters of the business plan.

Table 3. Program Intervention Strategies Overview

Strategy	Residential Sector	Public Sector
Energy Efficiency Project Delivery		Existing and New
Community Education and Engagement		Modified
Regional Energy Master Plans and Databases		New
Energy Codes, Standards and Policies		New
Coordination with Residential PACE	New	
Establish residential benchmarking data	New	
Engage communities to educate property owners	Modified	
Partnering	Existing	
Technical Assistance to Residential Participants	Existing	

E. Portfolio Budget and Cost Effectiveness

The following is a summary of SoCalREN's estimated portfolio budget by sector. As SoCalREN implements the portfolio described in this business plan, the budget will be reevaluated over time to respond to market changes, lessons learned, and regulatory directives. Further details on these changes will be reflected annually in SoCalREN's September Compliance filing as dictated by D. 15-10-028.⁷

Table 4. Portfolio Budget by Sector

Sector	2017 ⁸	2018	2019	2020	2021	2022	2023	2024	2025
Residential									
Public									
Codes & Standards									
WE&T									
Total									

Table 5. Portfolio Budget by Sector % Overtime

Sector	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential									
Public									
Codes & Standards									
WE&T									

Cost Effectiveness

Although it is not a requirement for RENS to achieve a specific cost effectiveness metric, SoCalREN believes it is important to be as cost efficient as possible in the use of rate-payer funds. Table 6 shows the cost-effectiveness data for SoCalREN's only resource activity, the Multifamily Program.

Table 6. Cost Effectiveness Portfolio Objective Range by Year

Year	TRC	PAC
2018		
2019		
2020		
2021		
2022		

⁷ D.15-10-028, Ordering paragraph (Op.) 4.

⁸ Value to reflect the SoCalREN's September 1, 2016 Compliance Filing

2023		
2024		
2025		

F. Portfolio Metrics

To properly measure and ensure accountability of sector progress toward meeting portfolio objectives, SoCalREN’s business plan proposes a set of key metrics for each sector and cross cutting program activity. To properly monitor progress towards the desired outcome over time, the metrics will rely on qualitative and quantitative data collected, tracked and verified as part of the SoCalREN’s data requirements (e.g., number of agencies, customer participation, etc.). This data collection will assist in improving the accuracy and timeliness of metric tracking for both the program administrator and the CPUC while keeping the monitoring costs to reasonable levels. Sector metrics and targets may change over the eight (8) year rolling portfolio cycle, as SoCalREN and its implementers deliver programs and learn more about market characteristics and responsiveness to intervention strategies.

Table 7 below is a summary of SoCalREN’s metrics by sector and the attributed metric source as well as the expected implementation horizon.

Table 7. Portfolio Metrics by Sector

#	Sector	Metrics	Baseline	Metric Source	Short Term	Mid-Term	Long Term
To be provided in the January filing							

Appendix A: Stakeholder Feedback – Portfolio Summary

To be inserted once stakeholder input is provided to this chapter.

DRAFT

Appendix B: Compliance Checklist

Reference Section/Page # in SoCalREN BP	Business Plan Element	SoCalREN Notes
Section A.	Portfolio Summary	
	Executive Summary	SoCalREN to provide in the January Filing
Section A.	Company description	
	Definition of market	
Section A.	Mission Statement	
Please see Introductory Chapter	Purpose of Business Plan	
	Overview	
	About EE/DSM	
Section A.	CA Energy Needs	
Section A. pg 7	Regulatory Requirements	
Section A.	Strategic Plan	
Section A.	Legislation (e.g., AB 758, SB 350, AB 802, AB 793)	
[x]	IOUs/PAs/CPUC/etc. overall role	
[x]	Broad socioeconomic and utility industry trends relevant to PA's EE programs (population, economics and markets, technology, environment/climate)	SoCalREN to provide in the January Filing
Section B.	Vision e.g., How PA thinks about and uses EE over next 10 years)	
Section C.	Compare/contrast to past cycles	
	Goals & Budget	SoCalREN to provide in the January Filing
	Energy Saving Goals	SoCalREN to provide in the January Filing
	Portfolio Budget (sector and portfolio level per xls checklist)	SoCalREN to provide in the January Filing
	Cost-effectiveness (sector and portfolio level per xls checklist)	SoCalREN to provide in the January Filing
	Explanation of Admin Budgets (e.g., Direct/Indirect Labor, Professional/Admin personnel)	SoCalREN to provide in the January Filing

Reference Section/Page # in SoCalREN BP	Business Plan Element	SoCalREN Notes
	<i>Explanation of accounting practices</i>	SoCalREN to provide in the January Filing
Section D.	Intervention strategies (high level)	
[x]	<i>Overall issues/challenges/barriers</i>	SoCalREN to provide in the January Filing
Section D and F	<i>High level summary of strategies and tools (e.g., AMI data, AB 802, procurement model, up/mid/downstream, etc.)</i>	
	Solicitation plan	<i>Not applicable to SoCalREN</i>
	Solicitation strategies/areas that could be SW	<i>Not applicable to SoCalREN</i>
	Proposal for transitioning the majority of portfolios to be outsourced by the end of 2020.	<i>Not applicable to SoCalREN</i>