

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.

Application 17-01-013
(Filed January 17, 2017)

And Related Matters.

Application 17-01-014
Application 17-01-015
Application 17-01-016
Application 17-01-017

THE COUNTY OF LOS ANGELES, ON BEHALF OF SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK (CPUC #940) ENERGY EFFICIENCY BUSINESS PLAN SUPPLEMENTAL INFORMATION

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For the Southern California Regional Energy Network

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I.

INTRODUCTION

Pursuant to the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, and in accordance with the *Assigned Commissioners and Administrative Law Judge’s Scoping Memo and Ruling*, issued April 14, 2017 (“Joint Ruling”),¹ The County of Los Angeles (LA County) on behalf of the Southern California Regional Energy Network (SoCalREN), respectfully submits supplemental information on the SoCalREN Energy Efficiency Rolling Portfolio Business Plan as requested per the Joint Ruling. Section I outlines SoCalREN’s comments to the applicability of cost effectiveness and long term value of Regional Energy Networks. In addition, Section II includes responses to Attachment A of the Joint Ruling that are applicable to all program administrators. Last, Section III includes responses to Attachment A of the Joint Ruling that are applicable only to SoCalREN.

II.

SOCALREN’S COMMITMENT TO LONG TERM VALUE FOR RATEPAYERS

Since its inception, SoCalREN’s portfolio has delivered strategies motivating customers to adopt more comprehensive energy efficiency approaches that are characterized by deeper, longer-lasting savings. These energy efficiency strategies have, over time, provided a meaningful suite of benefits to ratepayers within the market sectors the SoCalREN serves. Although classified as a “pilot”, the SoCalREN as a program administrator (PA) has consistently implemented its portfolio as a strategic platform with an eye toward long-term value, impact and scalability, cost-effectiveness, and transformative influence.

The SoCalREN is confident that it will successfully, and increasingly advance program cost-effectiveness, using standards and criteria comparable to those used to assess Investor-Owned Utilities (IOUs) and scaled for scope and other distinctions inherent in non-IOU programs and portfolios. SoCalREN believes this can be achieved through an integrated action plan over short-, mid- and long-term timeframes that includes: increased administrative

¹ *Assigned Commissioner’s and Administrative Law Judge Scoping Memo and Ruling* (Joint Ruling), A.17-01-013, dated April 14, 2017.

efficiencies (reduction in costs), increased savings (resulting in lower costs per kWh saved), streamlining of program implementation and pay for performance contracting, and outcome-driven pilots ranked for savings potential, replicability, and nexus to under-performing markets.

To continue providing long term value, SoCalREN will leverage its non-resource strategies to direct further savings to its partner utilities and continue to identify gaps through-out its respective covered territory. SoCalREN will also seek to identify new resource approaches that will lead it to a more cost effective portfolio. The comprehensive set of both non-resource and resource strategies will help to ensure that SoCalREN is on a continued course to provide ratepayers the greatest long term value in energy efficiency.

A. Program Administration Coordination

Partnerships are critical to SoCalREN’s success in implementing its intervention strategies; however, having multiple program implementers in similar geographies can introduce the potential for duplication of efforts, and thus requires additional coordination. To avoid duplication of efforts with potential partners such as IOUs and RENs, SoCalREN will continue to work proactively with its partners to ensure clear lines of communication and program differentiation.

SoCalREN plans to continue its quarterly collaboration meetings and monthly statewide program coordination calls with IOU program implementers, as well as participation in program PCGs, with the goal of reaffirming clearly-defined program goals and messaging. This collaboration will minimize confusion for property owners, public agency stakeholders, and non-governmental market actors. Partnering will continue to be a key component of SoCalREN’s activities for the foreseeable future in order to continue successfully piloting programs and supporting hard-to-reach audiences, and to strengthen the regional nature of SoCalREN.

III.

RESPONSES TO ATTACHMENT A - QUESTIONS FOR ALL PROGRAM ADMINISTRATORS

A. Business Plan Overall

Question 1. Present a single table summarizing by sector (for the six specified sectors) their energy efficiency market potential, annual savings targets through 2025, and key metrics. This table should enable / facilitate assessment of how (well) the business plans go after efficiency potential, and of progress toward this potential.

Please see Appendix A to these comments for the comprehensive tables summarizing by sector the energy efficiency market potential, annual savings targets through 2025, and key metrics applicable to SoCalREN. Please note due to the amount of information requested in this question two tables were provided.

Question 2. What evaluation studies or other research did you rely upon to inform your proposed intervention strategies and tactics for each sector, and how did those studies/research demonstrate the efficacy of the strategies and tactics in delivering the targeted savings?

SoCalREN utilized a multitude of different research materials and sources to develop its rolling portfolio intervention strategies and tactics for each sector. For its residential sector, SoCalREN relied on US Census data, California Energy Consumption Data, the Los Angeles County Regional Energy Atlas, CA Residential Appliance Saturation Surveys, the long term California Energy Efficiency Strategic Plan and Energy Division evaluation, measurement, and verification reports; as well as relevant substantive research and reports provided by the Institute for Market Transformation. Key Learnings from recent evaluation, measurement, and verification reports of residential sector energy efficiency programs were utilized to modify existing strategies and direct the SoCalREN's residential sector to more efficient strategies that will provide greater savings in the long term.

In addition, SoCalREN has utilized learnings from various studies, research and findings to inform its Public Sector strategy and program design, albeit most related to and produced by programs in other countries, including the European Union, CIS countries, and Ireland. The latter has proved most informative, through a number of directly relevant studies and strategies developed by the Sustainable Energy Authority of Ireland, and analyzed and delivered through the Department of Communications, Climate Action and Environment. These findings have helped shape the next phase of SoCalREN's public sector intervention strategies.²

² The SoCalREN's Public Sector Program has recently been highlighted in a White Paper, published under the 2016 ACEEE Summer Study in Energy Efficiency in Buildings, "Driving Energy Efficiency in the Public Sector: A Model for Success (Bain, Rothschild).

The design of the Energy Efficiency Project Delivery program was informed by operational experience over the past four years of implementation. Over this time, the program has been streamlined and consolidated to gain cost effectiveness and efficiencies, assure high levels of customer satisfaction and meet its energy savings and other goals. In addition, the program design was informed by findings from the January 2016 Opinion Dynamics evaluation study, their evaluation of local government partnerships, and other evaluation studies as cited in the footnotes within the Public Sector Chapter of the SoCalREN business plan.

SoCalREN has deep experience engaging and educating communities and developed its Engage and Educate Communities in Energy Programs and Strategies design based on its experience in the field. In addition, various studies from MIT, Alliance for Innovation, Vermont Energy Investment Corporation, the Oregon Trust and others (noted in the footnotes of the Business Plan) informed the proposed community engagement strategy.

Last, the proposed strategy to Develop Regional Energy Master Plans and Regional Energy Database was informed by an extensive amount of research and experience working with local governments within the SoCalREN service territory to develop energy action plans and climate action plans, as well as managing regional energy action data. In addition, the proposed regional energy master planning and database strategy is informed by studies and research by ACEEE, DOE, and NREL, as noted in the Public Sector Chapter.

B. Management and Administrative Strategies

Question 3. Please justify administrative budgets, and describe primary determinants of budget. What are the drivers of administrative and implementation (non-incentive) cost categories?

Throughout its portfolio, SoCalREN is consistently attentive to compliance with the CPUC guidance that administrative costs should be limited to 10% of the total energy efficiency budget.³ SoCalREN believes that all PAs should adhere to this guidance because it is prudent and is a cost efficient portfolio guideline for utilizing ratepayer funds. SoCalREN's administrative budget consists of administrative costs as authorized in D.09-09-047 and as

³ D.09-09-047, OP 13 a and p. 62.

defined in the Energy Efficiency Policy Manual.^{4,5} Specifically, SoCalREN includes in its administrative budgets the following cost categories:

1. **Overhead (G&A Labor/Materials):** administrative labor, accounting support, IT services and support, reporting databases, data request responses, Commission financial audits, regulatory filings support and other ad-hoc support required across all programs.
2. **Labor (Managerial & Clerical):** This category includes labor costs related to positions directly related to program administration.
3. **Travel and Conference fees:** This includes labor, travel and fees for conferences, workshops and stakeholder meetings that directly relate to program administration. This category also includes sponsorships for energy efficiency program-specific events or activities.
4. **Human Resource Support and Development:** This includes payroll taxes, payroll support, as well as pensions.
5. Reporting database (e.g., CRM, Track It Fast, Program Builder, SMART, etc.)
6. Supply management function activities to ensure oversight of contractors
7. Administering contractor payments for services which are non-incentive related
8. Administrative costs associated with Local Government Partnerships & Third Party Programs
9. Administrative and logistical costs related to workshops on Strategic Planning issues

The above listed cost categories are the primary determinants of SoCalREN's administrative budget.

In addition, the above mentioned administrative cost categories as well as implementation (non-incentive) cost categories will increase over time due to market penetration, new accountability guidelines due to new legislative policies and key macroeconomic variables such as inflation and commodity prices. As market penetration increases overtime so will the support required to meet program participant's needs through direct implementation as well as through

⁴ *Ibid.*

⁵ Energy Efficiency Policy Manual v5, Appendix F: Cost Categories and Related Cap and Targets. July 2013 pp. 88-89

administrative tasks, such as reporting. In addition, new legislative developments has shifted the current model of estimated savings to a more real time model of normalized metered based consumption. Trends such as these which may need to be full filled by both IOU and non-IOU program administrators will carry significant costs in program implementation and will place some upward pressure on some administrative categories, such as labor (due to more skilled labor requirements and reporting).⁶ Last and foremost, energy efficiency like all other distributed resources will face macroeconomic pressures such as inflation and commodity prices. Both these macroeconomic factors will have a significant effect on unit costs as well as implementation program costs.

Question 4. How are administrative costs and implementation (non-incentive) costs expected to vary over time, either by sector or portfolio-wide?

SoCalREN believes as mentioned above both administrative costs on a portfolio basis and implementation (non-incentive) costs at the sector level will vary over time due to driving factors mentioned above. Implementation costs with regard to program size will increase overtime due to more market penetration, and as PAs increase market participation, limited economies of scale may exist but this would eventually dwindle due to measure life of the end-use. In addition, variances in implementation costs between sectors often exist due to the nature of points of contact, marketing tactics and or outreach strategies. For instance, the Public sector may require less intense marketing strategies but may require significant amount of education and outreach as opposed to the residential sector which necessitates an abundance of marketing to build awareness on programs and specific measures. For these reasons, the SoCalREN is aggressively exploring advanced market segmentation strategies, precision profiling, and even psychometrics, in order to better define links between Marketing, Education & Outreach (ME&O) investments and calls-to-action and to enhance the efficacy of these expenditures.

SoCalREN has taken all of these consideration into account and adjusted its portfolio so that it maintains the most cost efficient budgets not only on a portfolio basis but by sector. In each chapter of the SoCalREN Energy Efficiency Rolling Portfolio Business Plan under the

⁶ Administrative Law Judge's Ruling Seeking Comment on Evaluation, Measurement, and Verification and Energy Savings Performance Incentive Issues, *White Paper Regarding Evaluation, Measurement & Verification and Energy Savings Performance Incentive Issues in 2016 and Beyond*. June 8, 2016. p. 4.

Budgets section, budget details on administrative costs, direct implementation, marketing and incentive costs are provided.

Question 5. As PAs transition to a role largely composed of administration, what are the best practices in administration the PAs will adopt (in order to maximize budgetary and administrative efficiency)? Describe any other internal approaches, metrics, or strategies that will be implemented by the PAs to ensure budgetary efficiency.

SoCalREN will continue to adopt a path towards administrative efficiency and strive to find areas that maximize outcomes, customer benefits, and program performance, while minimizing costs. This path could include but is not limited to practices such as streamlining reporting processes, instituting more internal detailed budgetary tracking reports, utilizing remote attendance options for conferences and workshops thus alleviating pressure on travel costs. In addition and foremost, SoCalREN plans to identify administrative tasks that can be automated or eliminated so long as regulatory compliance or customer support is not compromised.

In addition, the SoCalREN has used the 2017 bridge year to pivot its program approach, design adjustments, and expenditures to a performance-based model with an emboldened focus on measurement, valuation, and tangible savings outcomes. This could also modify the manner in which the SoCalREN approaches other Portfolio processes, such as solicitation and procurement (e.g., pay-for-performance).

Last, SoCalREN will work internally to identify additional streamlining opportunities on a quarterly basis by reviewing impacts, needs, and performance of existing contracts/services. SoCalREN is also working to eliminate duplication amongst implementer services by consolidating common tasks such as website content management, data tracking systems, and streamlining marketing functions. SoCalREN will utilize administrative metrics to gage on an annual basis if there are additional budgetary efficiency gains and if the REN is continuing to meet a % range of administrative efficiency.

Question 6. What metrics will PAs use to determine administrative effectiveness and efficiency specifically?

Some of the metrics SoCalREN will utilize to determine administrative effectiveness and portfolio cost effectiveness include but are not limited to:

1. TRC and PAC

2. Percent of Administrative costs as compared to overall total portfolio costs
3. Program administrative cost per saved energy, dollar per energy saved

In addition, SoCalREN will comply with any future additional reporting metrics in determining administrative effectiveness and portfolio cost-effectiveness as required by the Commission or as needed by Energy Division.

Question 7. How often and what information will the PAs report to the Commission reflecting PA administrative spending and efficiency?

The Regional Energy Networks (RENs) are subject to the same periodic reporting requirements as the IOUs to the Commission, which are listed in Rule V of the Energy Efficiency Policy Manual.⁷ SoCalREN regularly provides the Commission the following reports:

- a. **Monthly** Reports on expenditures and savings: the energy efficiency monthly report provides the monthly forecasted budget by program as well as the current month spending and year to date expenditures by program. In addition, this report provides an expenditure breakdown by cost category (administration, marketing, direct implementation, incentive) and is uploaded to the Commission's public web-reporting platform the California Energy Data and Reporting System (CEDARS)^{8,9}.
- b. **Quarterly** Reports on budgets and expenditure caps: the energy efficiency quarterly report provides the annual forecasted budget by program as well as year to date expenditures by program and the current portfolio cost-effectiveness. In addition, this report provides an expenditure breakdown by cost category (administration, marketing, direct implementation, incentive) and is uploaded to the Commission's public web-reporting platform CEDARS.
- f. Energy Efficiency Program **Annual** Reports: the energy efficiency annually report provides the annual forecasted budget by program as well as the annual expenditures by program and the current portfolio cost-effectiveness. In addition, this report provides an

⁷ Energy Efficiency Policy Manual v5. July 2013. p. 14.

⁸ D.15-10-028 adopted an online filing tool to be utilized for annual reporting, this tool has now been expanded and will include monthly and quarterly reporting support.

⁹ The Commission's California Energy Data and Reporting System (CEDARS) can be found at the following link: <https://cedars.sound-data.com/filings/list/>

expenditure breakdown by cost category (administration, marketing, direct implementation, incentive) for the entire program year and is uploaded to the Commission’s public web-reporting platform CEDARS.

Moreover, SoCalREN will comply with any future additional reporting requirements required by the Commission or as needed by Energy Division, whether directly or through the California Energy Efficiency Coordinating Committee (CAEECC).

C. Proposed Budgets

Question 8. Present a single table summarizing energy savings targets, and expenditures by sector (for the six specified sectors). This table should enable / facilitate assessment of relative contributions of the sectors to savings targets, and relative cost-effectiveness.

Table 2. Energy Savings Goals and Proposed Budgets by Sector, 2018–2025

Gross Energy Savings Goals	kWh	Therms	MW	Proposed Budget
Residential	30,320,000	1,413,062	16.6	\$56,132,616
Public Sector	120,000,000	112,000	4	\$97,296,537
Codes & Standards	n/a	n/a	n/a	\$9,355,436
Financing	n/a	n/a	n/a	\$18,710,872
WE&T	n/a	n/a	n/a	\$5,613,262
SoCalREN Rolling Portfolio Totals	150,320,000	1,525,062	20.6	\$187,108,723

Question 9. Using a common budget template developed in consultation with interested stakeholders (hopefully agreed upon at a “meet and confer” session), display how much of each year’s budget each PA anticipates spending “in-house” (e.g., for administration, non-outsourced direct implementation, other non-incentive costs, marketing), by sector and by cross-cutting program.

Pursuant to the directive in the Scoping Memo, the PAs have had several meet and confer sessions with ORA and TURN about additional budget information as well as the a common budget template for all PAs and prospective PAs to use. Given the different accounting platforms and information tracked, the process has taken longer than anticipated. The PAs agreed to file supplemental information by June 12, 2017.¹⁰

¹⁰ On May 12, 2017 the Program Administrators formally requested an extension in time to file their respective Supplemental Information Common Budget template and narratives. Per the ALJ Ruling issued on May 15, 2017, SoCalREN will be filing its Supplemental Information Common Budget template and narrative on June 12, 2017.

Question 10. Present a table akin to PG&E’s Figure 1.9 (Portfolio Overview, p 37) or SDG&E’s Figure 1.10 (p. 23) that not only shows anticipated solicitation schedule of “statewide programs” by calendar year and quarter, but also expected solicitation schedule of local third-party solicitations, by sector, and program area (latter to extent known, and/or by intervention strategy if that is more applicable). For both tables, and for each program entry on the calendar, give an approximate size of budget likely to be available for each solicitation (can be a range).

Not applicable to non-IOU program administrators.

D. Proposed solicitation structure and schedule

Question 11. How long does each PA anticipate the solicitation, contract negotiation, and mobilization period will take for third-party contracts? Describe the timetable for the entire process.

SoCalREN program administration, design, and implementation is currently outsourced to third parties that have been selected through a competitive bidding process by Los Angeles County, the administrator of SoCalREN. Los Angeles County procurement processes are open and transparent, and all contracts are reviewed and executed by the Los Angeles County Board, comprised of elected officials from Los Angeles County respective jurisdictions. Contract approvals are placed on Board Agendas and discussed at public Board meetings that are subject to the Brown Act. Los Angeles County has a solicitation process with built in procurement compliance of both state requirements and local rules and procedures related to competitive solicitations.

SoCalREN plans to continue to outsource program administration, design, and implementation. Current contracts are not due to be renewed by the county until 2020. However, SoCalREN anticipates implementing new sector strategies and pilots to stimulate a more performance-driven portfolio. SoCalREN estimates based on Los Angeles County’s solicitation process the following timeline based on a date of Business Plan approval as the baseline:¹¹

- Month 2-3: Develop Implementation Plan
- Months 3-4: Develop Scopes of Work for solicitation
- Months 4-6: Release, Evaluate and Designate awards from RFPs, RFAs, RFQs

¹¹ Please note that these are estimates, actual solicitation timelines could vary.

- Months 5-7: Conclude and Execute Contracts

IV.

RESPONSES TO ATTACHMENT A – QUESTIONS APPLICABLE TO SOCIALREN

A. Overall Portfolio

Question 184. Provide a further explanation of how SoCalREN intends to meet its proposed goals, particularly in the context of the intent to replace programs that SoCalREN has been implementing with a mostly new slate of programs.

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 now inform the design of the 2018–2025 portfolio. SoCalREN’s portfolio focuses on a comprehensive set of offerings that will help to aggressively drive energy savings and GHG reductions through energy efficiency. To obtain SoCalREN’s goals it utilized lessons learned and research, to identify activities that should be continued due to their successes in the marketplace and eliminating strategies that were found to be overlaps and not cost effective. Specifically, SoCalREN will seek the following in the public sector:

- **Continued Strategies:** SoCalREN’s 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 will continue to build on its successful community engagement activities to inspire local energy action.
- **Discontinued Strategies:** The Water Energy Nexus and Community Energy Efficiency Permit Management System program.
- **New 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 also 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.

And to meet the Residential goals as proposed in its Energy Efficiency Rolling Portfolio Business Plan will seek the following:

- ***Continued Strategies:*** 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. As noted above, the SoCalREN anticipates new approaches to existing processes, such as solicitation and procurement, which will stimulate a more performance-driven portfolio.
- ***Discontinued Strategies:*** In concert with its effort to continually identify areas of duplication and incorporate 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 Southern California Edison (SCE) and Southern California Gas Company (SoCalGas) by the end of 2017.
- ***New Strategies:*** In addition, the SoCalREN has already undertaken program performance assessments in 2017, and developed program design adjustments tailored to increase and accelerate energy savings outcomes in the residential and multifamily sectors. SoCalREN will include a new activity for marketing, education, outreach, and customer support to access residential Property-Assessed Clean Energy (PACE) Program funding. SoCalREN will be establishing residential benchmarking data as a way to enable residential property owners to make informed decisions about energy investments. In addition SoCalREN has discussed plans to issue an RFI for the Single Family segment previously served by Flex Path which is being discontinued due to the poor TRC/PAC it has generated since inception. The outcome of the RFI will be a higher cost effective solution for Single Family segment participants while not overlapping the offerings provided by the IOU's. This program would aim to enhance the programs offered by the SCE and SoCalGas, while not being duplicative.

Question 185. For those programs or program elements that will be combined or run jointly with non-energy efficiency programs, define the funding source and financial and accounting structure for assigning and delineating the non-energy efficiency funded components.

SoCalREN is extremely mindful of its energy efficiency funds and statutory requirements around the use of those funds. SoCalREN utilizes a budgetary tracker approach that tracks

detailed costs by projects and only allows funds to be charged to its energy efficiency accounts based on tasks directly related to energy efficiency implementation. SoCalREN will partner with communities and local governments to identify additional funding for non-energy efficiency components in a proposed project; however, SoCalREN will not directly manage the funds and would only distribute funds or services that support energy efficiency savings. Funding management of non-energy efficiency components would be a responsibility of the program participants. Notwithstanding this division of roles, the SoCalREN will account for any and all leveraged, alternative, and unrelated grant funds, in order to report funding modifiers and exponentials as a performance metric.

Question 186. How does SoCalREN intend to coordinate with IOUs and local government partnerships (and, if approved, a new REN with a potentially overlapping target market) to avoid duplication or contradiction of efforts?

Through its public agency program, SoCalREN has established a solid and effective working relationship and coordination with SCE and SoCalGas and their Local Government Partnerships to deliver services that support public agency leadership in energy efficiency. With the goal to ensure a seamless customer service experience for participating public agencies, SoCalREN has implemented effective coordination and communication protocols with SCE and SoCalGas to ensure that it does not duplicate but rather fills gaps and complements current services. As noted by Opinion Dynamics EM&V Study of the RENs, “the RENs and the IOUs have coordinated well.”

SoCalREN also holds regular coordination meetings with the IOUs and applicable Local Government Partnerships (LGPs) to ensure collaboration and coordination on core program incentives, program changes, customer needs, and effective use of resources. SoCalREN regularly coordinates and shares information with the BayREN as well as representatives of the proposed Tri-County REN and with the newly formed CCA Authorities within the SoCalREN territory. As new SoCalREN programs are authorized and implemented, SoCalREN will continue to build on its successful coordination and communication protocols to avoid any duplication or contradiction of effort and maintain the highest level of customer service along with the proper and effective use of ratepayer funds

B. Residential Sector

Question 187. SoCalREN's stated energy savings goal for the single family and multi-family sector combined is 30.3 million kWh. However, the sum of SoCalREN's average annual savings goals across the life of the business plan (Table 17) is 35.9 million kWh. Which projection is SoCalREN's actual sector goal? Which kWh number was used in determining cost-effectiveness?

SoCalREN's energy savings for the 8 year period covering its Energy Efficiency Rolling Portfolio Business Plan is estimated at 30.3 million kWh. The sum of SoCalREN's annual savings goals across the life of the business plan which is located in Table 17 in the Residential Sector chapter on page 43 is also 30.3 million kWh. Table 3 provides a break down by year of SoCalREN's energy savings goals for its residential sector which directly ties to its Table 17 in the Residential Sector chapter on page 43.

Table 3. SoCalREN Residential Sector Savings Goals

SoCalREN Goals	Savings kWh
2018	2,951,708
2019	2,951,708
2020	2,951,708
2021	3,758,526
2022	3,758,526
2023	3,758,526
2024	5,095,684
2025	5,095,684
TOTAL	30,322,070

In determining SoCalREN's cost effectiveness, SoCalREN's cost effectiveness calculations reflect the current resource portion of SoCalREN, specifically its multifamily offerings. These calculations were derived from the latest CPUC CET tool and reflects an estimated portfolio cost effectiveness (CE) for the Business Plan time period. SoCalREN will be transitioning its current authorized single family program Energy Home Upgrade program to its partner utilities end of 2017 and therefore single family savings was not included in the filing due to the covered time period proposed in the Business Plan. As SoCalREN receives approval on its business plan and is authorized to implement new single family strategies, SoCalREN will ensure that they are approaches that yield a path to CE and will report resources programs in compliance with CE protocols.

188. SoCalREN’s vision for the residential sector is “for all Southern California residents to live in homes that are ZNE or ZNE-ready”. How many Southern California residents currently are in that position? How many more residents/homes need to be targeted? By when does SoCalREN propose to achieve this vision?

Based on the most recent joint agency report “New Residential Zero Net Energy (ZNE) Action Plan 2015-2020” there are approximately 1,000 ZNE homes currently in California.¹² In addition, this report anticipates on average a 70% growth rate in ZNE homes per year by 2020.¹³ On average new construction starts in single family are estimated to be 103,000 a year and multifamily new construction starts on average will be 45,000. In addition, the Long Term Energy Efficiency Strategic plan sets forth a goal to achieve by 2020, all new homes are to be ZNE Code or ZNE Ready homes. Furthermore the report also identified that California will see a 5 to 10% decrease in the cost of implementing ZNE on production homes over the next 10 years.¹⁴

Based on these figures and on the states long term objective, SoCalREN will drive program participation through local outreach and engagement about energy efficiency and ZNE, more than tripling the number of engagements with high potential program participants by 2025.¹⁵

C. Public Sector

Question 189. How will ‘commitment to energy efficiency’ be determined as applied to the second row of Table 11?

One measure of commitment will be the enrollment action of an agency into the program to actively pursue energy efficiency retrofit measures. Additional proposed indicators included in the business plan are steps taken by public agencies to lead by example and build the foundation for others to pursue the pathway to ZNE communities. These actions include:

- Number of ZNE retrofits completed in public agency existing buildings
- Completion of energy master plans as a strategic framework for energy planning

¹² Joint Agency (CEC and CPUC) New Residential Zero Net Energy Action Plan 2015-2020, Plan Launch Workshop, June 9, 2015. Slide 7.

¹³ Joint Agency (CEC and CPUC) New Residential Zero Net Energy Action Plan 2015-2020. Executive Summary. 2015. p. 5.

¹⁴ *Ibid.*

¹⁵ Tripling the number of engagements with high potential program participants from baseline. Baseline is the number of engagements with high potential program participants in 2016.

- Adoption of model and reach codes, standards and policies to drive adoption of ZNE actions by the community
- Adoption and implementation of energy and climate action plans with measurable goals and targets
- Participation in regional and sub-regional activities on energy and climate strategies that are also aligned with statewide goals and targets

Question 190. What information will be stored in the Regional Energy Database, described in Section 4 (pages 25-28) and who is intended to use it? Is SoCalREN considering utilizing Energy Master Plans and Regional Energy Databases in other sectors?

The customers for the regional energy database are the numerous public agencies within the SoCalREN territory. Public agencies must have accessible and actionable data to make informed decisions about energy opportunities and potential energy projects within their communities. As leaders both in their own agencies, and as leaders in driving adoption of energy efficiency actions among their constituents, public agencies need accurate data. Currently this data is disaggregated, sparse and difficult to access, making it challenging if not impossible for public agencies to take on an effective energy leadership role in not only the public sector but other market sectors within their communities as well.

The SoCalREN proposes to develop a regional energy database, in collaboration with other regional data systems (such as the SoCalREN supported UCLA Energy Atlas). The information that will be stored in the database includes data for each of the 230 local governments within the SoCalREN territory including:

- Overall energy usage by city and county
 - Energy usage
 - by type of facility/asset
 - by customer type
 - by location and type of occupancy/building function
- A compilation of city and county GHG emissions data as well as energy and climate action plan goals and targets across the region
- Other data needed for accurate benchmarking of buildings/structures including:
 - structure construction type
 - structure use
 - structure age
 - structure location
 - applicable assessor and census parcel data for the property
 - energy usage and GHG emissions for each structure
- Compendium of adopted model and reach codes, standards, policies and energy/GHG mitigation requirements by jurisdiction

Question 191. Why are new construction zero net energy projects and other energy actions not tracked as part of tracking success in public agencies “[engaging] their communities in energy actions and ZNE strategies?”

This is an excellent point. SoCalREN will add this tracking measure as it is a good indicator of success from actions taken by the community in response to public agency leadership in driving community engagement and promoting ZNE actions.

This metric also aligns with the SoCalREN’s proposed metric in its codes and standards program to encourage the adoption of model and reach codes, standards, and policies by local governments in support of community actions toward ZNE.

Question 192. What is SoCalREN’s intended meaning of the term “ZNE community,” and what is a public sector customer’s role in it?

SoCalREN envisions a ZNE community as one that is able to offset its collective energy usage through combining and integrating energy efficiency, renewable energy generation, energy storage, demand response, intelligent energy management and comprehensive community behavior change.

The SoCalREN business plan outlines a pathway to ZNE communities by providing public agencies with multi-faceted support including access to accurate and actionable data, technical and financial assistance, and program/policy templates to create the building blocks that enable a ZNE community to be created. Milestones along the pathway to ZNE include:

- Agency has developed its capacity and expertise in energy efficiency and ZNE
- Agency has completed energy efficiency upgrades in its own facilities
- Agency has adopted a local energy master plan, coordinated with regional plans, as a roadmap for action to address energy and GHG reduction targets and strategies
- Agency is actively promoting and facilitating energy efficiency and ZNE awareness and engagement within the community to promote adoption of broad energy actions related to ZNE
- Agency has adopted model and reach codes, standards and policies that support and/or require ZNE and is effectively achieving code compliance.

The SoCalREN envisions the public sector playing a key role and leading by example through implementing ZNE in their own facilities, bringing together key market actors to drive change, providing the requisite policy and regulatory framework for a ZNE future, and actively engaging their constituents to adopt ZNE actions.

D. Codes and Standards

Question 193. Provide more specific program details for how SoCalREN intends to achieve an increase in code compliance.

SoCalREN's Codes and Standards (C&S) efforts to increase code compliance will be centered around a comprehensive Compliance Enhancement Program (Intervention 1)¹⁶ that addresses the entire spectrum of compliance, from building design to operation, and prepares the compliance community for swiftly ramping EE standards and quickly approaching ZNE requirements. Specific program details will be heavily informed by the results of the proposed needs assessment, to be performed immediately upon beginning implementation. To complete the needs assessment, SoCalREN will solicit input from all the stakeholders identified in Appendix C: C&S Stakeholders regarding their perceived barriers to complying with California's building energy efficiency standards, local reach codes, and other related energy requirements (e.g. the Building Energy Use Benchmarking and Public Disclosure Program). Program elements will be designed to break down those barriers with customized solutions. Where appropriate, SoCalREN will point stakeholders to existing solutions provided by partners (e.g. Energy Code Ace, IOU C&S trainings, etc.).

SoCalREN anticipates that some mix of the following program elements will be offered, but we cannot confirm or elaborate until the needs assessment results are in.

Intervention 1 – Compliance Enhancement Activities

- Targeted compliance enhancement activities: These activities are designed to address gaps and barriers identified in the needs assessment. Program elements may include outreach and education on code requirements and compliance pathways for stakeholders not targeted by existing IOU efforts. Program elements may include compliance-related software pilots for interested jurisdictions similar to BayREN's 2016 CodeCycle demonstration pilot. The program will likely include partnerships with code-related organizations including CALBO and ICC chapters to engage stakeholders and increase distribution and uptake of resources.

¹⁶ SoCalREN Energy Efficiency Rolling Portfolio Business Plan, Cross-Cutting Segment Chapter Codes & Standards, January 2017. p. 5

- Energy Code Coach for building departments: This program provides on-site energy code expertise to building department staff and applicants on a regular, on-going basis. Code Coaches typically spend one or two days per week at a building department and provide one-on-one and group guidance and trainings. The Coach develops customized tools to address unique barriers and needs including Title 24, Part 6 check lists and corrections lists customized to local codes, cheat sheets for permit intake staff, etc.
- Peer to peer learning: Will likely include regular regional forums that allow building officials and other compliance stakeholders to address topics of interest, share knowledge and approaches to compliance, and identify the need for tools and resources that will further aid in achieving compliance.

Intervention 2 - Develop/Adopt Model Energy Codes & Standards

- Targeted activities: Focused less on increasing code compliance and more on pushing the envelope for local codes and standards that will help the state achieve its ambitious energy goals. While not designed to increase code compliance primarily, we do anticipate an increase in code compliance associated with increased awareness of the energy code that results from adoption and implementation of reach codes and model energy standards and policies. As local jurisdictions become aware of the opportunities to lead the way to ZNE, and as local codes and standards actors become acquainted with newly-enacted reach codes and the compliance requirements therein, we anticipate a spill-over effect of increased code compliance on projects that must meet the new compliance requirements.

E. Financing

Question 194. Would SoCalREN classify the financing components of its proposed business plan as “resource” or “non-resource” activities?

Currently SoCalREN classifies its financing cross-cutting support activities as non-resource. It is utilized as a fundamental tool for enabling residential and commercial property owners to make energy efficiency improvements, but also as an opportunity to parlay improvements into future growth of the energy efficiency marketplace. Specifically, financing can play a significant role in transforming the market because the lack of funding is one of the most common known barriers to pursuing energy efficiency. We anticipate that, as new

financing pilots are advanced and, perhaps, non-IOU PAs are permitted greater participation in this cross-cutting sector, a class of financing mechanisms can emerge that will supplant (in whole or in part) ratepayer-funded incentives; and that this inverse action will allow greater reliability and precision in linking financing with specific energy savings.

Question 195. For resource-classified financing programs or program elements, how will savings be estimated and measured?

SoCalREN does not currently have a methodology in which savings from resource-classified financing programs could be estimated or measured. However, SoCalREN would be open to examining the possibilities of classifying financing programs as “resource” and would actively participate in identifying the appropriate methodologies for determining metrics and savings for these programs. Developing a methodology to capture this influence would require direction from the CPUC. SoCalREN believes it may be beneficial to undertake this effort.

Question 196. For those financing programs/program elements classified as “non-resource,” on what basis will SoCalREN evaluate their success or goal attainment?

As a non-resource program, SoCalREN is limited in what it can report because financing does not generate energy savings and non-IOU PA do not have access to data that is sufficiently disaggregated to support analysis and measurement. Currently, SoCalREN reports only absolute participation rates and loan characteristics. However, in the absence of any methodology of attribution to savings and in the short term, SoCalREN plans to collect the following data to assist in evaluating the success of its financing goals:

- Number of participants
- Number of finance projects within the Residential sector
- Number of non-residential PACE finance projects
- Number of customer inquiries
- Number event attendance
- Conversion rates
- Map of measures installed
- Loan terms
- Coordination with partner programs

- Marketing, Education & Outreach efforts

IV.

CONCLUSION

SoCalREN appreciates the opportunity to provide supplemental information regarding its Energy Efficiency Rolling Portfolio Business Plan and respectfully requests the Commission consider SoCalREN's Motion for Approval of its Energy Efficiency Rolling Portfolio Business Plan based on the responses provided.

Respectfully submitted,

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For the Southern California Regional
Energy Network

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APPENDIX A

Comprehensive Summary Tables of Energy Efficiency Market Potential, Savings Targets and Metrics for SoCalREN

Table A.1. Energy Efficiency Market Potential and Savings Targets for SoCalREN’s Residential and Public Sector, 2018 -2025

Year	Market Potential						SoCalREN Savings Targets					
	Residential			Public ¹			Residential			Public		
	GWh	MW	Million Therms	GWh ²	MW ³	Million Therms	GWh	MW	Million Therms	GWh	MW	Million Therms
2018	948.8	205.8	29.4	85	12	1.41	2.95	1.61	0.138	10.0	0.25	0.133
2019	955.3	209.7	30.6			1.52	2.95	1.61	0.138	10.0	0.25	0.133
2020	945.9	211.4	30.6			1.61	2.95	1.61	0.138	10.0	0.25	0.133
2021	878.9	200.6	28.6			1.69	3.76	2.05	0.175	15.0	0.25	0.169
2022	862.7	201.1	28.5			1.77	3.76	2.05	0.175	15.0	0.25	0.169
2023	835.4	200.3	28.2			1.85	3.76	2.05	0.175	15.0	0.75	0.169
2024	840.2	202.9	28.1	70	17	2.02	5.1	2.8	0.237	20.0	1.0	0.229
2025 ⁵							5.1	2.8	0.237	25.0	1.0	0.229
Total	6,267.2	1,431.8	204			11.87	30.33	16.58	1.413	120.0	4.0	1.364

Table Footnotes:

¹ The public sector is a newly created market segment in the energy efficiency Rolling Portfolio, there are no comprehensive studies on public sector characteristics, goals, and market potential. In the most recent goals and potential study completed in 2015 the energy efficiency potential for the public sector was included within the commercial sector. Although no definitive studies have yet been undertaken to measure the public sector energy savings potential within the SoCalREN service area, based on its 3 years of public sector customer energy analysis and program implementation experiences, SoCalREN is confident that there exists tremendous untapped energy efficiency potential within the newly created public sector market segment. For these reasons, SoCalREN utilized publicly filed values contained its partner utilities Business Plans specifically, Southern California Gas and Southern California Edison’s.

² These values are based on Southern California Edison’s estimated values from its Energy Efficiency Rolling Portfolio Business Plan Public Sector Chapter page 166, which only provided estimates for year 2018 and 2024.

³ Ibid.

Table A.2. SoCalREN’s Energy Efficiency Rolling Portfolio Business Plan Metrics, 2018 -2025

SOCALREN SECTOR AND CROSS CUTTING SEGMENT METRICS															
Residential				Public			Cross-Cutting Segment: Codes & Standards				Cross-Cutting Segment: Workforce Education & Training				
Metrics	2018-2020	2021 - 2023	2024-2025	Metrics	2018-2020	2021 - 2023	2024-2025	Metrics	2018-2020	2021 - 2023	2024-2025	Metrics	2018-2020	2021 - 2023	2024-2025
\$/Electricity Saved	40.8% reduction	55.8% reduction	73.1% reduction	Cumulative number of public agencies committed to energy efficiency	20 new public agencies per year	30 new public agencies per year	45 new public agencies per year	# of C&S resources provided	TBD based on needs assessment	TBD based on needs assessment	TBD based on needs assessment	Percentage of offerings delivered through strategic partnerships with other core education providers	Evaluation criteria defined and measurement to establish baseline begins	20% increase in offerings delivered through strategic partnerships as defined	25% increase in offerings delivered through strategic partnerships as defined
\$/Demand Saved	26.9% reduction	45.4% reduction	66.8% reduction	Number of ZNE retrofits completed in public agency existing buildings	4	10	20	% of local governments using C&S resources	10%	20%	30%	Percentage of offerings that reach disadvantaged workers	20% increase in offerings that reach disadvantaged workers	25% increase in offerings that reach disadvantaged workers	50% increase in offerings that reach disadvantaged workers
\$/Therms saved	33.8% reduction	50.6% reduction	70.0% reduction	Number of energy master plans completed	2	4	6 (100%)	% of local governments adopting advanced codes, standards, and policies	10%	20%	30%	Percentage of knowledge gain as a result of course participation	20% increase in measured knowledge gain as a result of course participation	25% increase in measured knowledge gain as a result of course participation	30% increase in measured knowledge gain as a result of course participation
Cumulative number of public agencies committed to energy efficiency	2 new public agencies per year	3 new public agencies per year	4 new public agencies per year	Regional energy database completed	N/A	1	N/A	% of local governments using energy data to inform C&S activities	10%	20%	30%	Training impact, based on number of projects and contract value	Evaluation criteria defined and measurement to establish baseline begins	15% increase in training impact, based on number and contract value	20% increase in training impact, based on number and contract value
Number of engagements with high potential program participants	2,000 additional engagements per year	3,000 additional engagements per year	4,000 additional engagements per year	Percent of local governments adopting model and reach codes, standards, and policies.	1%	5%	10%					Percentage of offerings that target or promote measures and programs that yield savings	Evaluation criteria defined and measurement to establish baseline begins	10% increase in offerings that target or promote measures and programs that yield savings	20% increase in offerings that target or promote measures and programs that yield savings
												Percentage of offerings that DVBE	20% increase in offerings that reach disadvantaged workers	25% increase in offerings that reach disadvantaged workers	50% increase in offerings that reach disadvantaged workers
												Completed Data System	N/A	1	N/A