Notes from Energy Efficiency Coordinating Committee Deep Dive Webinar on LGSEC Business Plan regarding Statewide Local Government Program

10/27/2016 1:30-2:30PM   Facilitator/Notes: 2050 Partners, Inc.

Notes: Presentations are generally not summarized in these notes. Please see presentationslidesandothermeetingmaterialson www.CAEECC.org website for context. Lack of attribution for meeting participant comments is intentional by agreement of Coordinating Committee.

Ted Pope: Introduction; facilitating today's discussions.

CC members Identified:
Erin Palermo - SoCalGas
Athena Besa – SDG&E
Susan Davidson – CalCERTS
Courtney Kalashian – San Joaquin Valley Clean Energy Organization
Jessica Waggoner – PG&E
Jenny Berg - BayREN
Cal Broomhead – City and County of San Francisco

Margaret Bruce: I will be providing a presentation on LGSEC Statewide local government statewide administration business plan proposal. I am a program manager. There are probably a few other from LGSEC on the call. Some people here will have already seen this presentation at the October 19 CC meeting in San Diego.

Ted Pope: For a little bit of background, this is a CAEECC meeting, run in conjunction with LGSEC. I am the facilitator for the CAEECC process. Notes will be published on CAEECC website. I support the CC Co-Chairs to help make sure process is transparent and fair, and not unduly dominated by any one group. Thank you to everyone for participating. CAEECC is a process that was authorized by the CPUC in October 2015 to provide to create an informal discussion forum for EE Portfolio issues. We are currently in development of Business Plans. Drafts of BPs have been delivered and we are in review stage. Today, we are specifically addressing a Business Plan proposal presented by LGSEC. The August 18, 2016 decision by CPUC called for CAEECC review and discussion. If there is consensus from CAEECC members, then the proposal can be submitted as a Business Plan (BP) to CPUC on January 15. By the end of the conversation, we are looking to see if there is consensus at this time.

Margaret Bruce: See slides
- Intro to Local Government Sustainable Energy Commission
- We have heard from many different local government partnerships – there are often issues
    - Inconsistent contracting
    - Budgets that vary from year to year

- - IOUS have different contract lengths
  - Difference in data sharing
  - Differences in cost effective metrics
- Looking for effective approach statewide
- Current Funding Paradigm
- Goal is to create an integrated climate funding market (ICF) – that all parts of local government programs could apply to. Application would go to one integrated resource market and be applied to most relevant bucket of money
- One concern raised: you are crossing the streams – accounting protocols need to be managed appropriately
  - Basic accounting principles would be applied.
  - This would be a non-profit – so budget and expenses would be publicly available.
  - We think it is important that we do not cross the streams
- Local Governments have expressed issues:
  - Sometimes not included in design of plans and programs, but then held accountable to comply
  - Issues with data sharing …
- So What? Creates a statewide landscape of inconsistency
- The Proposal
  - This will not happen immediately.
  - Proposed phases – take into account existing relationships, contracts and funding mechanisms that have time frames that need to be accounted for
  - What comes next will be detailed in Implementation Plan
- Leads to more holistic and comprehensive approach
- Leverage financing from more sources
- At end of 10-year period, local government programs will have significantly move the needle
- The Proposal:
  - One Realm Instead of four IUO Territories: We want to accomplish state goals across one administrative system.
  - Leveraging LG energy, sustainability, climate action adaptation programs: EE doesn't exist in a vacuum. We want to make sure that holistic approaches continue and can be supported.
  - Continuity, Consistency, and Enhanced Measurability and Refinement: One realm administration would enable all of these.
  - Standardized, Enhanced and Responsible Data Access: The access to and consistency of data is important.
  - Leveling of cross-LGP capacity and function: There need to be other resources to help small governments to support them so they too can implement programs, even if located in hard to reach location.
  - Remediation of Local Government Barriers: We want to address barriers. This will remove more barriers.

- - Promote LGP Constituency and Market Reach: Local governments have an important voice in EE; enabling local governments to succeed so they have a voice at state and federal level.
  - We are aiming for statewide administrative program that can support pilot programs, program design clinics, best in class and BMP library.
- Next Steps
- LGSEC hosting 3 additional webinars (10/28, 11/3, and 11/9)
- We will compile stakeholder comments and compile with documents submitted to CPUC in January
- We are following same time line as other PAs

Ted Pope: Thank you Margaret. Are there clarifying questions?

Comment (from ED staff, via chat function): I want to point out that the annual LGP budget statewide is about $65M per year. It looks like the $154m figure given by LGC was taken from a fact sheet that spoke to combined state and local partnerships plus RENs and CCA budgets.

Response: Thanks for pointing that out. Our draft document has several typographical errors. We understand that reference to local government partnerships in appendix should just be PG&E ones. We are also aware of issue raised by ED staff here. Please let us know if there are more issues. We would like to address.

Ted Pope: I'd like to confirm that today's meeting is a CAEECC meeting. LGC has three more meetings scheduled, but they are not CAEECC meetings.

Comment (from PA): Thank you, Margaret. The presentation is impressive. In your early slide, you make a lot of generalities about the problems. Can you provide any statistics to support these problems? How many local governments are participating in this effort? In subsequent meetings, will you be building on this presentation or presenting same presentation?

Response: We have been thinking about stats. We can probably compile a list of local governments who have experienced these issues. But it might be more valuable to say, "Here are examples of barriers and here are examples of things that work really well." We have heard that SDG&E has 5 year contracts, and that is really helpful. I am not sure of our ultimate approach at this moment. We can compile statistics, but I don't want to get into a "grading sheet." Better to look at what things work and what don't (what should not be replicated). I don't have an answer for stats at this moment. It is more likely that we will present a preponderance of things that are good and things that aren't working. With regard to the upcoming webinars, I don't plan on changing content. Our hope is to reach as broad of an audience as possible. I am very open to having another webinar as we get closer to the end of this process to address how we integrated feedback. I can't say exactly at this time what the plan is, but I am open to it.

Comment: In problems, I think there are some assumptions being made. Challenges in the contract cycle may be coming from the way CPUC runs, and not IOUs. The issues raised cannot all be tracked to IOUs. Some of the problems result from CPUC and its rules. Also, you allude in presentation that various state agencies support this proposal. Have you just made presentations to them or have they bought into it?

Response: Kate Mees and Howard Choy shopped this around to various agency heads and it was favorably received. They each are looking to the others to jump first. There are agency sensitivities to putting their budget in first. Participation in statewide. This could be beginning seed. It could stand on its own merit or it could open the door to ICF framework.

Comment: It seems that there are a number of items (such as other agency funding streams) beyond CPUC role and beyond EE realm (such as issues with data sharing data). Is it common to have outside programs elements included in BPs or IPs?

Response: I'm also new to this. I believe data is an integral part of how local governments can effectively communicate how well they are doing with EE and how they evaluate what are the best programs for their communities. Data utilization issues may be driven by CPUC rules. We'd like to help solve that problem.

Question: What is the different between what is currently happening and what is envisioned by this proposal?

Response: My perception is leverage – more voices united in one request

Comment: I'm from a small, geographically isolated jurisdiction. We have had trouble getting our perspective heard. What are strategies to address that?

Response: Yes, being remote is a challenge on so many levels. I think that is an issue to address in our IP. I don't think anything more than mentioning this issue in BP at this time is appropriate. One solution may be physical satellite offices imbedded in hard to reach communities. It is important to have local points of contact who understand the local community.

Further response: This has also been a problem for the City of San Francisco. We have unique issues that need to be addressed that don't get addressed. We have issues here that nobody else has (for example, steam boilers). Nobody cares about steam boilers in the rest of the state. We need to take this issue and make it core in the way we address solutions. Things that are unique in our communities provide our strengths.

Comment: It is worrisome to talk about addressing this later once the plan is approved. I would recommend to include some language in the Business Plan that addresses this issue. That would make the plan stronger.

Response: Thank you. Your comments will be taken into account.

Comment: From what I have seen so far, I have concerns with proposal. I see a lot of promises but not a lot of deep solutions for local governments in rural communities. At this point, I don't see how replacing working relationship with one administrative body in Sacramento will help. What is the benefit of this proposal to rural government partnerships?

Comment: What specific role (like RENs) is LGSEC looking to hold? What is the differential between IOUs and RENS versus LGC? I'm hearing ideas about establishing integrated climate fund and building on existing relationships, which is great. I'm also hearing voice for local governments. That should be a separate role. It needs a lot of depth and working out. I'm on the train – will email additional comments.

Comment: San Joaquin Valley Clean Energy Organization still opposes this proposal. We see this as the nuclear option. These are existing relationships between local governments and IOUs. Don't fix the issues by blowing them up and starting everything over. We need to work with what we have. The presentation provides no data points. You talk about wide-spread problems but you have told stories and touched on emotional points. There is nothing to this proposal. We are working on the issues with our current local government partnerships with our utilities. Utilities need to be a part of how we design and implement programs that we work on. We are working on issues with our IOUs and addressing them. I encourage everyone to read Public Sector BPs. PG&E's, for example, lays out work that they are working on regarding statewide framework that still allows local control. We know that it doesn't work the way you have depicted. What works in LA County does not work in small rural location. Local relationships are required. We can't support this. We wish you the best of luck with the ICF.

Response: Our BP integration will strive to address your concerns. The way your program is governed is probably the closest analog of what we are trying to accomplish. We want to follow the example that your program has set.

Ted Pope: Thank you Margaret for another presentation. SJVCEO organization is opposed to moving forward with this proposal. Are there any other members who are opposed to this presentation at this time?

Question: Is there a write up posted on the CAEECC website?
Response: Yes – a [Business Plan](#) is submitted and posted on CAEECC website and [LGSEC.org](#).

Ted Pope: Anyone else? Okay, I am aware there are concerns. We have one member today who is opposed. At this point, we have followed August 18 guidance of CPUC. At this point, LGSEC has another pathway to submit this plan to CPUC on January 15. At this point, CAEECC will no longer be involved until it is directed back to us. At this point, if someone submits comments to CAEECC I will forward to Margaret. Margaret, any other comments?

Margaret Bruce: Please visit LGSEC.org website and please register for our webinars. If you have questions and comments, please post or reach out to me personally. We want this to be a fully vetted process. We want to make sure our proposal reflects best intentions of all stakeholders.

Ted Pope: I am happy to keep this line open for a few more question and comments.

Comment: I'd like to add an open invitation to anyone who wants to help develop this proposal, we are happy to have people join in and help. Any local governments can join and participate. Please contact Margaret if you want to join.

Question: I think you said you would address this in a later phase – merger of regulated v. non-regulated partnerships …

Response: I think that is something we need to settle later (see slide 7). In phase 1, we are looking at functional optimization. In Phase 2, we are looking for consistency about resource and non-resource programs; the merger of regulatory and non-regulatory programs – how do we merge something like CAEECC, for example?

Question: I think building consistency across programs will be one of the hardest tasks. How do you plan to build consistency?

Response: It is a tricky issue. When you talk about rural and hard to reach locations, the governments require different things in administration from big cities. Consistency of programs may not be the same. I imagine there will still be regulatory and non-regulatory programs, but that will be addressed in the IP and maybe just mentioned in the BP.

Further response: Sometimes non-resource programs are the most strategic thing you can do. In fact, even if you are able to show that you trained people who installed come widgets, you still can't show savings because widgets will be attributed to someone else. Non-resource programs can be very important to support resource programs. Going forward, this will be a key part – how we sit down and structure things together. There are no two communities that are exactly the same. You can't have programs that are the same and implemented all across the state. Every program has to be adapted to local needs. Otherwise you have programs that only work in one community. They may work in other communities but it won't be optimal. We all need to work together on how we create these programs, but allow them to be tailored to local needs. We need to work on language in BP to address this. Maybe we can create a set of principles that can serve as a foundation of whatever structure is set up.

Comment: It occurs to me that this issue is not at IOU level, but at CPUC level. Ability to implement codes and standards work was not initially approved at CPUC. A part of me looks at this and says, "maybe this has to do with how the CPUC is run."

Response: We want to get to that place where we have leverage with all state agencies to get them to step outside their boxes and pull together for their local governments. We need to

have group leverage with utilities and the State. It takes a lot of people working together to get resources and latitude to make change.

Ted Pope: Is there anyone else who wants to speak up?

Comment: I think there are functions and approaches that can be taken to work on existing relationships. I think utilities are trying to work on these issues. We should continue to work on existing relationships instead of pulling the nuclear option.

Ted Pope: Thanks to everyone for participating and thoughts.

Questions (from chat, not read during meeting): I have a non-specific question as to asking for some guidance for how we might review the other Business Plans in consideration of the LGSEC proposal. If the LGSEC proposal is accepted, it has significant impact for the Public sector chapters of all the other B-Plans. Does CAEEC [sic.] have any thoughts on how to manage this question. I also have a question as to the structural outcome of this proposal i.e. would the potential statewide administration of LGP be administered by an IOU or by the CPUC and would the associated budgets be considered outsourced or would LCSEC [sic.] be required to bid implementation of all programs under their statewide administration?