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September 1, 2020

California Public Utilities Commission

Energy Division Tariff Unit

505 Van Ness Ave.

Fourth Floor

San Francisco, CA 94102-3298

# 3C-REN Advice Letter 6-E/5-G

# (CPUC # 220)

## Tier Designation

This Advice Letter has a Tier 2 designation pursuant to Decision 18-05-041[[1]](#footnote-2).

## Subject

3C-REN 2021 Energy Efficiency Annual Budget Advice Letter

## Purpose

The purpose of this Advice Letter is to seek approval for the 2021 Energy Efficiency Annual Program and Portfolio Budget request for the Tri-County Regional Energy Network (“3C-REN”).

This Advice Letter is filed in compliance with Ordering Paragraph (OP) 4 of Decision 15-10-028, which directs program administrators to file a Tier 2 Advice Letter containing the budget for the next calendar year’s EE portfolio; and with OP 41 of Decision 18-05-041, which directs PAs to include information identified in Section 7.2.

# Background

The 3C-REN is a collaboration of three counties, Ventura, Santa Barbara, and San Luis Obispo, in the California Central Coast Region, with a diverse service area that is geographically isolated from utility hubs, has pockets of rural and disadvantaged communities, and large, underserved Spanish-speaking populations. After several years’ experience and cooperative administration of energy and sustainability programs, the three counties formed the 3C-REN, led by the County of Ventura, to better leverage resources in the delivery of effective programs on a regional level. In Decision 16-08-019[[2]](#footnote-3), the California Public Utilities Commission (“CPUC” or “Commission”) provided guidance for Energy Efficiency (“EE”) Rolling Portfolio Business Plan (“BP”) filings and included consideration of the formation of new Regional Energy Networks (“RENs”). Since filing 3C-REN’s business plan to serve public agencies and their constituencies within Southern California Edison’s (“SCE’s”), Southern California Gas’ (“SoCalGas’s”), and Pacific Gas and Electric’s (“PG&E’s”) service territories, 3C-REN has continued participation in the California Energy Efficiency Coordinating Committee (“CAEECC”) process. 3C-REN remains intent on delivering programs that meet CPUC criteria as indicated by Decision 12-11-015 in the formation and implementation of programs including: filling gaps that the investor-owned utilities (“IOUs”) are not serving; developing programs for hard-to-reach markets; and piloting new approaches to programs that have the potential to scale and offer innovative avenues to energy savings.

In Decision 14-10-046 the Commission authorized funding for EE programs until 2025. In 2015 the Commission issued Decision 15-10-028 approving the mechanics for EE rolling portfolio and outlining the business plan application process. On January 23, 2017 3C-REN filed a motion for approval of its rolling portfolio business plan and budget proposal. Decisions 15-10-028 and 18-05-041 provided the requirements of the Annual Budget Advice Letter (“ABAL”) and directed Program Administrators to file ABALs. In Decision 19-05-019 the Commission directed the ABALs going forward to include the results of the Program Administrator Cost (PAC) and the Ratepayer Impact Measure (RIM) test and cost-effectiveness estimates.

As directed by D.18-05-041 and additional guidance provided by Commission staff, 3C-REN has submitted via CEDARS the 2021 3C-REN Budget Filing; the confirmation receipt is attached hereto as Attachment A. The Budget Filing Detail Report is publicly available on CEDARS.

**Required Cost Effectiveness, Budget, Energy Savings and Metrics Components of ABAL[[3]](#footnote-4)**

### 3C-REN 2021 Budget Request

3C-REN, requests a total portfolio and Evaluation, Measurement and Verification (“EM&V”) budget of $8,672,268. The budget breakdown is reflected in Table 1.

Table 1: 3C-REN 2021 Budget

|  |  |
| --- | --- |
| **Program** | **2021 Budget** |
|  Residential | $5,914,078 |
|  Codes and Standards | $1,404,181  |
|  WE&T | $1,280,298 |
|  **Program Subtotal**  |  |
|  EM&V (3C-REN only) | $73,711  |
| **Total 3C-REN 2021 Spending Budget** | $8,672,268  |

### 3C-REN 2021 Forecasted Energy Savings and Cost-Effectiveness

3C-REN’s forecast energy savings in kWh, kW, and therms (MM) are included alongside the sector level budget in Table 2. Forecast cost effectiveness for 2021 in TRC, PAC and RIM is also included below.

Table 2: 3C-REN FORECAST ENERGY SAVINGS (Net)[[4]](#footnote-5)

|  |  |  |
| --- | --- | --- |
|  |  | **3C-REN FORECAST ENERGY SAVINGS (Net)** |
| **Sector** | **2021 Program Year Budget** | forecast kWh | forecast kW | forecast therms (MM) |
| Residential | $5,914,078  | 2,338,591  |  248  |  0.10  |
| Commercial |  |  |  |  |
| Industrial |  |  |  |  |
| Agriculture |  |  |  |  |
| Emerging Tech |  |  |  |  |
| Public |  |  |  |  |
| Codes and Standards | $1,404,181  |  n/a  |  n/a  |  n/a  |
| WE&T | $1,280,298  |  n/a  |  n/a  |  n/a  |
| Finance |  |  |  |  |
| OBF Loan Pool |  |  |  |  |
|  Subtotal  | $8,598,557  | 2,338,591  |  248  |  0.10  |
| **3C-REN EM&V**  | $73,711  |  |  |  |
| Total 3C-REN 2021 Spending Budget1 | $8,672,268  |  |  |  |
| **Uncommitted and Unspent Carryover balance2** | $2,382,482  |  |  |  |
| **Total 3C-REN PY Budget Recovery Request3** | $6,289,786  |  |  |  |
| **Authorized PY Budget Cap (D.18-05-041)** | $6,662,881  |  |  |  |
|  |  |  |  |  |
| **Forecast 2021 TRC**  | 0.23 |  |  |  |
| **Forecast 2021 PAC**  | 0.30 |  |  |  |
| **Forecast 2021 RIM** | 0.30 |  |  |  |
|  |  |  |  |  |
| 1 Total proposed program year budget spending, including uncommitted unspent carryover |
| 2 The balance of unspent uncommitted must reflect the total unspent uncommitted starting Jan 1 through Dec 31 of current year (PY-2). Because each ABAL is filed in Q3, this unspent uncommitted amount will be an estimate for the year in which the ABAL is filed. Because each ABAL is filed in Q3, this unspent uncommitted amount will be an estimate for the year in which the ABAL is filed. |
| 3 Amount of funds to be collected for the Program Year - Line 18 less Line 19 |  |  |

### 3C-REN Portfolio Savings

Table 3: Annual Rolling Portfolio Budget Forecast - True-up

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |
| **Sector** |  | **2018\*\*** | **2019 (1)Revised** | **2020 Projected** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| Residential | n/a |  1,354,893  |  1,732,566  |  5,914,078  |  4,257,943  |  4,513,240  |  5,400,837  |  5,581,968  |  **28,755,525**  |
| Commercial |   |   |   |   |   |   |   |   |  |
| Industrial |   |   |   |   |   |   |   |   |  |
| Agriculture |   |   |   |   |   |   |   |   |  |
| Emerging Tech |   |   |   |   |   |   |   |   |  |
| Public |  |   |   |   |   |   |   |   |   |  |
| Codes and Standards | n/a |  1,058,766  |  1,211,514  |  1,404,181  |  1,513,750  |  1,171,764  |  1,521,507  |  1,560,289  |  **9,441,771**  |
| WE&T |  | n/a |  767,604  |  959,391  |  1,280,298  |  1,067,087  |  831,325  |  1,068,541  |  1,094,369  |  **7,068,615**  |
| Finance |  |   |   |   |   |   |   |   |   |  |
| OBF Loan Pool |   |   |   |   |   |   |   |   |  |
| **Subtotal** |   | n/a |  3,181,263  |  3,903,471  |  8,598,557  |  6,838,780  |  6,516,329  |  7,990,885  |  8,236,626  |  **45,265,911**  |
| **3C-REN EM&V** | n/a |  -  |  -  |  75,263  |  78,273  |  74,583  |  109,666  |  112,447  |  **450,231**  |
| **Total Portfolio Program Year 3C-REN Budget** | n/a |  3,181,263  |  3,903,471  |  8,673,820  |  6,917,053  |  6,590,912  |  8,100,551  |  8,349,073  |  **45,716,142**  |
| **Total Authorized Portfolio PY Budget Cap** | n/a |  6,043,428  |  6,345,601  |  6,662,881  |  6,929,395  |  7,206,567  |  7,422,768  |  7,645,451  |  **48,256,091**  |
|  |  |   |   |   |   |   |   |   |   |  |
| **Forecast Portfolio PY TRC** | n/a | 0.06 | 0.23 | 0.23 | 0.42 | 0.51 | 0.50 | 0.53 | **0.38** |
| **Forecast Portfolio PY PAC** | n/a | 0.06 | 0.26 | 0.30 | 0.51 | 0.69 | 0.68 | 0.75 | **0.49** |
| **Forecast Portfolio PY RIM** |   | n/a | 0.06 | 0.26 | 0.30 | 0.51 | 0.69 | 0.68 | 0.75 | **0.49** |
|  |  |  |  |  |  |  |  |  |  |  |
| **\*\* "Reset" 2018 budget at or below 2018 annual budget approved in Business plan Decision. "True-up" years 2019-2025.** |  |  |  |
| **(1) 3C-REN’s 2019 annual forecast is projected to be below the 2019 ABAL filing and has been revised accordingly. This is due to solicitation and procurement schedule delays. Implementers for all programs are projected to be on board and operational by fourth quarter 2019. Unspent and uncommitted funds are forecasted in 2024 and 2025 annual budgets.**  |

### Sector-Level Metrics

The 3C-REN proposes to eliminate its one and only C&S metric regarding closed permits for building projects triggering energy code compliance as this data is exceedingly difficult to obtain, and, if collected, would not effectively show progress toward 3C-REN goals. The 3C-REN has proposed a new and additional indicator, as well as other modifications to existing indicators as shown in Attachment 3.

### Discussion of Proposed Program and Portfolio

All 3C-REN programs are designed to align with the criteria established in D.12-11-005.

#### Residential Direct Install (RES-DI) (TCR-Res-001)

The 3C-REN offers a RES-DI program (Home Energy Savings) designed to fill gaps in current IOU offerings for the 3C-REN territory, as the region is far removed from IOU outreach and implementation efforts. The 3C-REN Region is served by three different IOUs – PG&E to the north, SCE to south, SoCalGas in all three counties – with overlapping electrical services in Santa Barbara and Ventura. This increased coverage has not resulted in a higher level of service, but instead led to increased customer confusion due to different programs, requirements and providers.

Additionally, most of the homes in the tri-county region were built prior to the existence of the California energy code. As a result, homes use more energy, cost more, and are less comfortable, while the cost for improving these conditions through energy efficiency is often prohibitive for residents. Historically, residential energy efficiency programs have either been too prescriptive and required expensive, whole-home retrofits, or been limited to low-income households. This has made necessary energy improvements to housing stock inaccessible to a large portion of the population.

The RES-DI program includes two sub-programs, single-family and multi-family, designed address these barriers. The single-family sub-program will deliver a direct install (DI) that targets hard-to-reach (HTR) residential customers, including renters and owners, and Disadvantaged Communities (DACs) in Ventura, Santa Barbara and San Luis Obispo Counties, offering a single, unified program to regional residents.

The single-family sub-program will provide energy and behavior change education, installation of simple energy saving measures to build customers trust and interest while delivering a pathway to deeper savings by offering co-pay options for more substantial upgrades. 3C-REN's program implementers for the single-family sub-program are local non-profits, who also currently deliver the Energy Savings Assistance (ESA), Middle Income Direct Install (MIDI), and Low-Income Home Energy Assistance Programs (LIHEAP). This approach allows 3C-REN to leverage their experience and infrastructure to provide 3C-REN program services to a broader audience than these non-profits currently serve.

Qualifying customers will receive a virtual or in-home visit from a trained assessor who will collect information on the home, provide consumer education and install DI measures.  As in-person services are contingent on guidance related to COVID-19, 3C-REN may choose to provide the customer self install packages of DI measures and advise the resident on self installation when in-home visits are not recommended or possible.

After the initial site visit, an expert Energy Advisor will follow up with the customer to provide more detailed information on co-pay measure options. If the Energy Advisor conducted a virtual assessment and sent a self-install package in lieu of an initial site visit, they will also follow up with the customer but discuss direct install in addition to copay measure options. Using the information obtained during the assessor site visit (or virtual assessment), the Energy Advisor will help customers identify a scope of work as well as provide technical advice, pricing information, a cost-benefit analysis and financing options (e.g. Residential Energy Efficiency Loans). Customers interested in making more substantial upgrades will work with the implementer to complete their project.

A Workforce Education and Training and Codes and Standards overlay is included in this program as 3C-REN will work with the implementer to help build their staffing capacity and provide training, as well as code coaching for permitted projects. Some projects may also be used as hands-on, in-the-field training opportunities resulting in increased quality assurance. Partnering with implementers that serve low-income and disadvantaged communities also provides an opportunity to create career pathways for disadvantaged workers as many of the crew members and contractors live in the disadvantaged communities that they serve.

In 2021, 3C-REN will launch the multi-family sub-program. The research and design phase for the multi-family sub-program is currently underway. Program design activities include development of a market characterization study that will analyze local building attributes, technology adoption barriers, climate zone considerations, split incentive issues and marketing and outreach options. 3C-REN plans to release a request for proposals in late 2020.

The program budget for 3C-REN RES DI, (TCR-Res-001) shall be $5,914,078.

The 3C-REN RES-DI program will target HTR residential customers, including single-family and multi-family, renters and owners, and moderate-income families not currently being served by, nor meeting the criteria of current ESA, LIHEAP, or MIDI in Ventura, Santa Barbara and San Luis Obispo Counties.

This resource program will include measure types including lighting, air sealing, insulation, HVAC measures, water flow controls, smart thermostat, power strip, plug load feedback device, duct system servicing, appliances, , and water heating measures. 3C-REN has engaged IOUs and other energy program providers to identify additional measures beyond those currently offered by existing programs. Single measures will be allowed. Savings will be deemed per measure.

#### Codes and Standards (C&S) (TCR-CS-001)

The 3C-REN offers a cross-cutting C&S program designed to fill gaps in current IOU offerings for the 3C-REN territory because the region is far removed from IOU training & resource hubs. The 3C-REN C&S program offers three services: local, in-person and online energy code trainings: Regional Forums; and an Energy Code Coach service available to public and private sector building professionals.

The Energy Code Coach service is available online, over the phone, over the counter, or in the field and will provide support and mentoring related to Title 24, Parts 6 and 11 comprehension, compliance, and enforcement. The 3C-REN coordinates with IOUs and the CEC to leverage existing Statewide C&S resources and energy code compliance and enforcement resources in support of its C&S program services.A goal of the 3C-REN C&S program is to foster greater comprehension and consistency in compliance and enforcement throughout the Tri-County Region, providing the workforce with a more stable business climate and known code compliance resources.

The goal is to ensure consistency The program budget for 3C-REN C&S, (TCR-CS-001) shall be $1,404,181.

The target audience is construction design-side stakeholders, including building departments, architects, field inspectors, mechanical engineers, and plan checkers. This is a non-resource program.

#### Workforce, Education and Training (WE&T) (TCR-WET-001)

The 3C-REN offers a cross-cutting WE&T program designed to fill gaps in current IOU[[5]](#footnote-6) offerings for the 3C-REN territory, as the region is far removed from IOU training & resource hubs. The current IOU training and education programs require substantial travel to energy centers outside of the Tri-County area and are often not designed to meet the needs of local building professionals. The 3C-REN program will offer career pathways and enrichment by providing access to in-person trainings, mentorship opportunities and cross promotion of IOU workforce trainings, including hard-to-reach (HTR) workers and those in identified disadvantaged communities (DACs).

Building professionals living and working in the 3C-REN territory face unique challenges given the dispersed nature of communities within the Tri-County Region. The region, and its building professional workforce, have historically struggled to fill key positions in energy efficiency, including the retrofit market and energy code compliant new construction. The 3C-REN WE&T activities will address these challenges through collaboration with existing providers, programs, apprenticeship-style learning, targeted management, technical trainings for building professionals, and integrated resources for design and compliance professionals.

 The program vision is to delivers technical and soft skill trainings and certifications focused on high performance buildings (i.e. energy efficient and resilient buildings). The program supports building professionals and those seeking career pathways in residential and commercial design, construction, and related industries. Trainings are delivered locally and designed to meet the unique needs of the Tri-County region.

Example learning targets include: technical skills for the application of Title 24, net zero energy and carbon, healthy and resilient buildings, valuation of high-performance homes, and business development skills.

The 3C-REN applies a holistic approach to the market with highly targeted training events, using apprenticeship and mentoring style models to enhance the workforce within the 3C-REN territory. Workforce training will be real world reinforced while simultaneously influencing direct energy savings. As a result of a stronger workforce, building departments will increase efficiency and efficacy with existing resources.

The program budget for 3C-REN WE&T (TCR-WET-001) $1,280,298.

The program targets local building professionals needing more in-depth training, such as contractors, HVAC, engineers, architects, designers, certified energy managers, local jurisdictions’ building & safety department staff, lighting professionals, real estate professionals, raters, including professionals in DACs and HTR areas, as well as other key market actors.

The 3C-REN’s WE&T program is non-resource and will serve to support 3C-REN and IOU programs in the region by training the workforce that can deliver resource programs.

### Strategies for increased cost-effectiveness

By the very nature of how REN activities are defined (e.g. “pilot activities in hard-to-reach markets”) RENs address market segments that are typically not as cost-effective. Nevertheless, it is 3C-REN’s intention to develop improved programs that enhance services, cost and energy savings, and deliver other benefits to increase participation while continuing to improve overall cost-effectiveness. 3C-REN will engage in activities that serve hard-to-reach customers who have not had access to or generally have not participated in energy efficiency programs.

While 2020 will be 3C-REN’s first full year of program delivery, with a directive to be more cost-effective, 3C-REN’s forecasted energy savings are projected to improve over time. 3C-REN has one resource program, Residential Direct Install. Strategies for increasing the cost effectiveness of this program in 2021 include:

* Residential Direct Install Program
	+ Agile program design and deployment
	+ Leveraging existing infrastructure, bulk purchasing, marketing and outreach activities of local non-profits, who currently deliver low income energy efficiency programming
	+ Collaborative and coordinated approach with PG&E, SCE, and SoCalGas
	+ Scale up participation to improve cost effectiveness
	+ Analysis of program processes to facilitate continual process improvements that increase efficiency and reduce costs
	+ Evaluation of available measure mix to identify additional measures that have the potential to improve cost effectiveness

RENs excel at locally adapted programming and providing on-the-ground engagement, which complement and enhance IOU programs. RENs offer innovative program delivery that has strong potential for success and scalability to engage hard-to-reach markets. The RENs should be evaluated as a complimentary addition to the IOU Statewide programs.

### Portfolio Changes, Annual Spending, and Fund Shifting

3C-REN’s 2020 annual spending is projected to be below the 2020 ABAL filing. This is due to the COVID-19 pandemic and resulting necessary restrictions that limited the ability of the programs to perform as originally intended. Unspent and uncommitted funds are forecasted in 2024 and 2025 annual budgets.

EM&V budget was reduced across all program years to align with CPUC/PA allocation split.

# Protest

Anyone may protest this Advice Letter. The protest must state the grounds upon which it is based. The protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission, which is September 1, 2020. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission

CPUC Energy Division

Attention: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent by email to address shown below on the same date it is mailed or delivered to the Commission.

|  |
| --- |
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**Effective Date**

3C-REN requests that this Tier 2 advice filing become effective on regular notice October 1, 2020, which is 30 calendar days from the date of this filing.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to service list for R.13-11-005 and A17-01-013. Address changes to the General Order 96-B service list should be directed to Alejandra Tellez at Alejandra.tellez@ventura.org or by calling 805-654-3835. For changes to all other service lists, please contact the Commission’s Process Office at 415-703-2021 or by electronic mail at Process\_Office@cpuc.ca.gov.

 \_\_\_*Alejandra Tellez*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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For the 3C-REN, Tri-County Regional Energy Network

Attachments

1. CEDARS Filing Confirmation
2. Supplemental Budget Information
3. Sector-Level Metrics: Proposed new and additional indicators
1. See D. 18-05-041 page 58. [↑](#footnote-ref-2)
2. See D.16-08-019 page 10. [↑](#footnote-ref-3)
3. See D. 18-05-041 page 124-127. [↑](#footnote-ref-4)
4. Forecast energy savings (net) calculated using the updated CET which excludes the market effects. [↑](#footnote-ref-5)
5. For the purposes of this ABAL, the IOUs consist of SoCalGas, SCE and PG&E. [↑](#footnote-ref-6)