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|  1LACo_SEAL_K2in0904PC1 | County of Los Angeles**INTERNAL SERVICES DEPARTMENT**1100 North Eastern AvenueLos Angeles, California 90063 |  |
|  | *“To enrich lives through effective and caring service”* | Telephone: (323) 267-2101FAX: (323) 264-7135 |

September [x], 2018

**Advice Letter 10-E/10-G**

(CPUC Identification #940)

Public Utilities Commission of the State of California

**SUBJECT: COMPLIANCE FILING REGARDING SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK 2020 ENERGY EFFICIENCY PROGRAM PORTFOLIO CHANGES AND FUNDING REQUEST**

# Purpose

The Southern California Regional Energy Network (SoCalREN) submits its 2020 Energy Efficiency (EE) portfolio budget by Tier 2 Advice Letter (AL) to the California Public Utilities Commission (Commission), in compliance with *Decision Re Energy Efficiency Goals for 2016 and Beyond and Energy Efficiency Rolling Portfolio Mechanics*, the “Rolling Portfolio decision,” (D.15-10-028) and the Decision Addressing Energy Efficiency Business Plans (D.18-05-041) and guidance from the Commission Energy Division (ED) Staff. This Advice Letter provides budget, programmatic adjustments and updated supporting documentation for energy efficiency programs the SoCalREN will offer in 2020.

SoCalREN requests that the Commission approve its 2020 EE Budget, effective as of January 1, 2020. SoCalREN also requests the approval to develop a new single-family program and the approval of its updated common metric targets as detailed below.

**Background**

1. **Filing Requirements**

D.15-10-028 requires each EE Program Administrator (PA) to file a Tier 2 advice letter with the PA’s annual EE budget for the coming year in September of each year[[1]](#footnote-1) and requires such advice letters to contain:

* Portfolio cost-effectiveness statement; and
* Application summary tables with forecast budgets and savings by sector and program/intervention.

In addition, D.18-05-041 provided further guidance to PAs in submitting Annual Budget Advice Letters (ABAL). D.18-05-041 requires that the Regional Energy Networks (REN) Annual Budget Advice Letters (ABAL) include the following:

* Forecasted energy savings goals must meet or exceed the annual energy savings targets included in the PA’s business plan; and
* Forecasted budget must not exceed the PA’s annual budget in the approved business plans, or (if applicable) the revised annual budget in this ABAL. [[2]](#footnote-2)

Furthermore, beginning in 2019, D.18-05-041

 [Additional language to be added concerning CalPA/TURN Supplemental budget information requirement]

1. **Contents of this Filing**

SoCalREN’s advice letter is organized as follows:

* Budget
* Cost Effectiveness
* Energy Savings
* Proposed Program and Portfolio Changes
	+ Proposal for a new a single-family whole building program
* Metrics

In addition to the information above, SoCalREN’s 2020 EE budget AL includes the following materials:

* Attachments
	+ Attachment A – SoCalREN 2020 ABAL Tables
	+ Attachment B – CEDARS Filing Confirmation
	+ Attachment C – Sector Level Metrics: Updated Targets and Progress to Date

# Discussion

1. **BUDGET**

SoCalREN requests a total portfolio and Evaluation, Measurement and Verification (“EM&V”) budget of $21,480,009. This budget reflects a total authorized program year cap as adopted in D.18-05-041 and includes shifts between sectors. Specifically, shifting more funds to the Residential sector for resource strategies and maintain ample amount of funds within the public sector to advance new innovative resource strategies that were introduced in 2019 and ramp up significantly in 2020. The total program budget request is based on portfolio modifications that are oriented toward exceeding the annual savings goal for 2020. SoCalREN’s proposed portfolio is forecasted to meet a TRC of 0.51 for 2020.

Table 1 provides an overview of SoCalREN’s 2020 forecasted portfolio budget, savings, and cost-effectiveness. The net savings forecast excludes market effects, however the Total Resource Cost (TRC) and Program Administrator Cost (PAC) estimates include 5% market effects because the Cost Effectiveness Tool (CET) that the PAs are required to use has not yet been updated.[[3]](#footnote-3)

**TABLE 1. SoCalREN Budget and Savings Summary**



Table 2 provides an overview of SoCalREN’s forecasted annual portfolio and EM&V budget, as well as cost-effectiveness until 2025. As stated before the TRC and PAC estimates include 5% market effects because the Cost Effectiveness Tool (CET) that the PAs are required to use has not yet been updated.

**TABLE 2. SoCalREN Annual Rolling Portfolio Budget Forecast- True Up**



1. **Cost-Effectiveness**

As stated above, SoCalREN anticipates achieving a 0.51 and aims to progressively increase that value over the rolling portfolio term 3% each year with the existing authorized budget cap. SoCalREN’s increase in cost-effectiveness for 2020 is attributed to the following drivers:

* An increase in the number of resource strategies for PY 2020
* Ramp-up of new innovative programs has begun in 2019 and will significantly increase over the next two years and beyond
* Portfolio balancing that occurred in 2018-2019, specifically, the SoCalREN utilized these initial Business Plan years to (1) to conduct deep program performance assessments and program refinements, and (2) to revise its approach to marketing, education and outreach (ME&O) toward greater analytics, and (3) to sunset programs deemed either (a) unsuccessful in achieving cost-effective savings, or (b) attained all objectives over successive bridge years.

These in accumulation have greatly assisted in the improvement in SoCalREN’s 2020 portfolio cost-effectiveness. Tactics to ensure an increasing portfolio cost-effectiveness over the next five years include:

* Reducing overall program costs while aggressively increasing savings over the near term for new and existing resource strategies
* Utilizing innovative approaches in new sectors that capture below code stranded savings

[additional language regarding administrative costs reductions to be added]

1. **SAVINGS**

**Table 3. SoCalREN Annual Energy Savings Forecast, kWh**



**Table 4. SoCalREN Annual Energy Savings Forecast, kW**



**Table 4. SoCalREN Annual Energy Savings Forecast, Therms**



1. **Proposed Program and Portfolio Changes**
2. **SoCalREN 2020 Portfolio Level Changes**

SoCalREN’s 2020 EE Portfolio continues to leverage well established successes that were originally adopted during the inception of the RENs in D.12-11-015 and conforms to the authorization adopted in D.18-05-041. SoCalREN’s 2020 EE portfolio is a continuation of SoCalREN’s commitment to adopt a “long-term” path towards administrative efficiency and its endeavor to find areas that maximize outcomes, customer benefits, and program performance, while minimizing costs. This path includes tactics such as:

* Identifying administrative tasks within program implementation that can be automated or eliminated so long as regulatory compliance or customer support is not compromised.
* Leveraging external resources to offer more strategies while reducing EE ratepayer cost burden

In addition, SoCalREN has proposed in this advice filing some performance adjustments to its existing portfolio that allocates more funding resources to resource strategies thus providing the needed diversification to increase portfolio cost-effectiveness.

1. **SoCalREN 2020 Program Level Changes**

Except as discussed below, the SoCalREN portfolio of programs will remain primarily the same as 2019 offerings with no changes in current program design.

Single Family “Whole Building Plus PACE” Program

In 2018, SoCalREN closed its single-family Home Upgrade Program (HUP) which provided whole building retrofits under the statewide Energy Upgrade California umbrella. In SoCalREN’s 2020 ABAL filing it is proposing to re-introduce a single family “whole building” retrofit program that requires a package of measures and is coupled with a financing product that tackles the single-family hurdle of pursuing EE due to lack of capital.

Residential PACE is transforming how consumers make decisions about home improvement projects; however, as an unregulated program, the projects contain uncaptured energy savings and potentially miss opportunities for greater efficiency and comprehensiveness. SoCalREN proposes to coordinate with local governments and residential PACE providers to co-promote a regulated incentive resource program and capture reportable energy savings from projects that would not have otherwise participated in a single-family whole building retrofit program. SoCalREN is proposing for approval, the opportunity to consider designing a downstream or midstream pilot program that will scale at the same rate as PACE financing.

[additional details and timeline requests to be included in final submittal of ABAL filing ]

1. **Metrics**

[language and information to be provided in final submittal of filing]

# Protests

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. 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 addresses shown below on the same date it is mailed or delivered to the Commission.

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| Minh LeEnergy and Environmental ServicesGeneral Manager County of Los Angeles Office 1100 North Eastern Avenue Los Angeles, CA 90063-3200 (323) 267-2006 MSLe@isd.lacounty.gov |  |

# Effective Date

Per D.14-10-046 this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. The SoCalREN respectfully requests that this Advice Letter be made effective on [date], which is 30 calendar days after the date filed.

# Notice

A copy of this Advice Letter is being sent to the Commission’s service lists for R.13-11-005 and A.17-01-013 (et al.). For changes to R.13-11-005 or A.17-01-013 (et al.) service lists, please contact the Commission’s Process Office at 415-703-2021 or by electronic mail at process\_office@cpuc.ca.gov.

 Respectfully Submitted,

/s/

Minh Le

Energy and Environmental Services General Manager

County of Los Angeles Office

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1. *See* D.15-10-028, ordering paragraph [x]. [↑](#footnote-ref-1)
2. See.D.18-05-041, p. 134 [↑](#footnote-ref-2)
3. The TRC, PAC, and RIM estimates shown in this table include 5% market effects because the CET has not yet been updated to remove market effects for forecasting. SoCalREN will exclude market effects from its cost-effectiveness forecast for its final 2020 ABAL filing. [↑](#footnote-ref-3)