

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Marin Clean Energy for
Approval of 2024-2031 Energy Efficiency
Business Plan and 2024-2027 Energy
Efficiency Portfolio Plan

Application 22-03-____
(Filed March 4, 2022)

**APPLICATION OF MARIN CLEAN ENERGY
FOR APPROVAL OF
2024-2031 ENERGY EFFICIENCY BUSINESS PLAN
AND
2024-2027 ENERGY EFFICIENCY PORTFOLIO PLAN**

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I. INTRODUCTION

Marin Clean Energy (MCE) respectfully submits this Application for approval of its 2024-2031 energy efficiency (EE) Business Plan¹ and its 2024-2027 EE Portfolio Plan² pursuant to Article 2 of the California Public Utilities Commission’s (Commission or CPUC) Rules of Practice and Procedure, California Public Utilities Code § 381.1 and Decision (D.) 21-05-031.³

MCE has successfully administered EE programs for nearly a decade.⁴ MCE’s EE programs have consistently delivered energy savings while also providing customer and community benefits.⁵ While MCE’s programs have primarily benefited communities local to MCE’s service area, those programs have also supported the equitable growth of the EE market

¹ MCE’s 2024-2031 EE Business Plan is included as Exhibit 1 of the testimony served with this Application.

² MCE’s 2024-2027 EE Portfolio Plan is included as Exhibit 2 of the testimony served with this Application.

³ Rulemaking (R.) 13-11-005, D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process* (May 20, 2021).

⁴ Decision (D.)12-11-015, *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets* at 50, OP 1 at 130 (November 15, 2012) (approving MCE EE portfolio).

⁵ See Marin Clean Energy, Customer Programs & Offerings, available at: <https://www.mcecleanenergy.org/customer-programs/>.

statewide. Through this Application, MCE seeks Commission approval to continue to deliver a balanced and diverse portfolio of EE programs to its residential, commercial, industrial, public and agricultural customers. MCE’s four-year Portfolio Plan, covering the 2024-2027 period, largely builds on its existing portfolio of programs with innovative additions to serve customers in environmental and social justice (ESJ) communities. MCE’s eight-year Business Plan, covering the 2024-2031 period, provides a longer-term strategic vision that is consistent with the near-term tactics and objectives in MCE’s Portfolio Plan. MCE’s Business Plan and Portfolio Plan, in concert, chart a path for MCE to scale the impact of its EE programming and support California’s decarbonization goals. The Commission should approve both proposals, including MCE’s annual budgets for program years (PY) 2024-2031.⁶

MCE also requests that the Commission authorize funding for MCE to continue to implement its Peak FLEXmarket program through PY 2027. Peak FLEXmarket uses a proven “pay-for-performance” (P4P) structure to deliver energy savings and demand reductions during summer peak periods.⁷ In its recent Order on summer 2022 and 2023 electric reliability, the Commission authorized MCE to use \$11 million in unrequested EE funds to scale Peak FLEXmarket in PYs 2022 and 2023,⁸ recognizing that the program supports grid reliability and complements MCE’s Efficiency Market programs. The Commission also acknowledged that Peak FLEXmarket is the model on which the new statewide “Market Access Programs” (MAPs) are based.⁹ Moreover, in that same Order, the Commission encouraged EE program administrators

⁶ MCE expects that its 2024-2031 budget, once approved, will set the budget cap for the eight-year period, while its 2024-2027 zero-based budget will establish its portfolio period spending budget.

⁷ Summer peak periods are defined as 4 p.m. – 9 p.m. from June 1 through September 30.

⁸ R.13-11-005, D.21-12-011, *Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability*, OP 2 at 60 (Dec. 2, 2021).

⁹ See D.21-12-011 at 2.

(PA) to include proposals to extend their MAPs beyond PY 2023 in their 2022 EE applications.¹⁰ It would therefore be appropriate for MCE to continue to use EE funds to implement Peak FLEXmarket in 2024-2027 and the Commission should authorize it to do so.

II. BACKGROUND

Since its founding as California's first community choice aggregator (CCA) in 2010, MCE has steadily increased the number of communities it serves, the customer programs it offers, and the impact it achieves. Today, MCE serves over 800,000 residential and non-residential customers in 37 diverse member communities across four San Francisco Bay Area counties (Marin, Napa, Solano and Contra Costa counties). MCE is the primary electric service provider in its service area and provides innovative customer programs that span the entire breadth of distributed energy resources (DERs).¹¹

Energy efficiency is a pillar of MCE's mission and vision, and a critical resource to serve its customers' load.¹² MCE initially applied to administer EE programs in 2012, soon after its inception.¹³ While the Commission initially restricted MCE to serving gaps in the investor-owned utilities' (IOU) EE programs,¹⁴ the Commission subsequently lifted that restriction and allowed MCE to offer a more comprehensive portfolio of cost-effective EE programs.¹⁵

MCE filed its most recent application for Commission approval of its EE portfolio in 2017

¹⁰ D.21-12-011 at 27.

¹¹ See Marin Clean Energy, Customer Programs & Offerings, *available at*: <https://www.mcecleanenergy.org/customer-programs/>.

¹² See Marin Clean Energy, About Us, *available at*: <https://www.mcecleanenergy.org/about-us/>.

¹³ Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget, A.12-07-001 *et al.* (Jul. 2, 2012).

¹⁴ Application (A.) 12-07-001 *et al.*, D.12-11-015, *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets* at 45-46 (Nov. 8, 2012).

¹⁵ See R.09-11-014, D.14-01-033, *Decision Enabling Community Choice Aggregators to Administer Energy Efficiency Programs*, OP 3 at 50 (Jan. 16, 2014).

(A.17-01-013 (consolidated)).¹⁶ That portfolio included a comprehensive set of programs serving the residential single-family, residential multi-family, commercial, industrial and agricultural sectors, and met the Commission’s cost-effectiveness requirements. The Commission approved MCE’s proposed portfolio of programs and associated budgets in D.18-05-041,¹⁷ The Commission also found that MCE’s proposal was “thorough and thoughtful,” noted that MCE’s program ideas were “well-considered and innovative[,]” and that MCE had proposed “logical metrics and a small administrative structure to minimize costs.”¹⁸ Since that decision, MCE has steadily increased the breadth of its EE portfolio, launching five new programs for its residential and non-residential customers over the past four years.

III. LEGAL AND POLICY FRAMEWORK

MCE has administered EE programs under the authority granted in Cal. Pub. Util. Code § 381.1(a)-(d) since 2013. On May 20, 2021, the Commission issued an Order significantly modifying the EE portfolio approval and oversight process.¹⁹ In addition to establishing several significant policy changes, D.21-05-031 directed all EE PAs to file new EE applications in 2022 containing the following elements:

1. An eight-year business plan describing the PA’s strategic EE plan for PYs 2024-2031, and containing sector-level strategies, metrics, and an eight-year budget;
2. A four-year portfolio plan, providing a more detailed description of the EE portfolio and budget for PYs 2024-2027. The Commission requires that the portfolio plan specifically

¹⁶ See A. 17-01-013 *et al.*, Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan (Jan. 17, 2017).

¹⁷ D.18-05-041, OP 33 at 189.

¹⁸ A.17-01-011 *et al.*, D.18-05-041, *Decision Addressing Energy Efficiency Business Plans* at 111 (May 31, 2018).

¹⁹ D.21-05-031 (May 20, 2021).

contain: detailed sector and program strategies; annual budgets, totaling to a four-year revenue requirement; cost-effectiveness showings over the four-year period; and program implementation plans.²⁰

Accordingly, MCE files this Application, which requests Commission approval of MCE's eight-year EE Business Plan (included as Exhibit 1 in MCE's testimony) and MCE's four-year EE Portfolio Plan (included as Exhibit 2 in MCE's testimony). MCE's Business Plan and Portfolio Plan comply with each of the filing and substantive requirements in D.21-05-031 and prior Commission decisions. D.21-05-031 directed several significant changes to EE policy and the EE program approval and oversight process. The most notable changes include: (1) the adoption of Total System Benefits (TSB) as the single metric to be used to establish portfolio goals,²¹ and (2) the segmentation of portfolios into Resource Acquisition, Market Support and Equity segments, with only Resource Acquisition segment programs required to meet a cost-effectiveness threshold.²² Accordingly, MCE provides the TSB goals for its EE Portfolio Plan in Exhibit 2, Chapter 1 of its testimony, and has segmented its portfolio into Resource Acquisition, Market Support and Equity segments as described in more detail in Exhibit 2, Chapter 3 of its testimony. MCE's Resource Acquisition segment programs are cost effective, with a Total Resource Cost (TRC) ratio of 1.08 over the 2024-2027 period.

In addition to the Commission's directives, two pieces of legislation drive the development of MCE's 2024-2027 EE Portfolio Plan and associated annual budgets. The first is Senate Bill (SB) 350 (De León, 2015). SB 350 requires that the state double its EE savings by 2030 and

²⁰ D.21-05-031, OP 5.

²¹ D.21-05-031, OP 1 at 80.

²² D.21-05-031, OP 2, 3 at 81.

enhance workforce development and training opportunities for residents in disadvantaged communities (DAC). Accordingly, MCE proposes to expand its EE programming and invest additional funding in its Workforce Education & Training (WE&T) program, as described in more detail in Exhibit 2, Chapter 4, Section 6 of MCE’s testimony.

The second legislative driver is Assembly Bill (AB) 802 (Williams, 2015). AB 802 calls for EE incentive programs to use normalized metered energy consumption (NMEC) methods as the basis for measuring energy savings. NMEC-based programs already represent a core component of MCE’s portfolio, and in this Application, MCE proposes to direct additional funding towards programs that use NMEC methods and that award incentives based on measured performance (including MCE’s Residential and Commercial Efficiency Market and Peak FLEXmarket programs). These Marketplace programs are described in more detail in Exhibit 2, Chapter 3, Section 2 of MCE’s testimony.

Finally, MCE also aligned the design of its Portfolio Plan and budgets with California’s expanding building electrification and decarbonization policies.²³ MCE supports building electrification in its WE&T program, Strategic Energy Management (SEM) programming and by layering electrification programs available to customers through its “Any Open Door” strategy across proposed programs.²⁴

IV. THE COMMISSION SHOULD APPROVE MCE’S APPLICATION

MCE requests Commission approval of its 2024-2027 EE Portfolio Plan, its 2024-2031 EE

²³ See e.g. Exhibit 1, Chapter 1, Section 3.7 (including, but not limited to Senate Bill 1477, Skinner 2018; R.19-01-011; California Energy Commission’s 2022 Building Energy Efficiency Standards).

²⁴ MCE’s “Any Open Door” strategy encourages customer engagement in EE programs by leveraging complementary energy programs for which the customer may be eligible. MCE describes its “Any Open Door” strategy in Exhibit 2, Chapter 3, Sections 2; 3; 4 (Resource Acquisition; Market Support; Equity Segments).

Business Plan, and standalone funding for its Peak FLEXmarket program for PY2 2024 -2027. MCE also requests that the Commission adopt several policy recommendations related to EE program and portfolio development.

A. The Commission Should Approve MCE’s 2024-2027 Energy Efficiency Portfolio Plan, Including MCE’s Proposed Annual Budgets.

MCE does not propose to make wholesale changes to its portfolio during the 2024-2027 Portfolio Plan period. Instead, MCE will fine-tune its existing portfolio—building on lessons learned from administering successful, locally-led EE programs since 2013—and incorporate innovations that meet new policy goals. The sections below explain how MCE’s proposed 2024-2027 EE Portfolio Plan will benefit not only customers in MCE’s service area but also all ratepayers.

1. MCE’s Proposed Energy Efficiency Portfolio Plan and Annual Budgets are Reasonable.

MCE’s 2024-2027 Portfolio Plan is reasonable because it includes a balanced set of program offerings that comprehensively address the needs of its agricultural, commercial, industrial, public and residential customers. Over the four-year Portfolio Plan period, MCE will implement cost-effective EE (and demand management) programs, while also supporting the sustained growth of the EE market in its service area and ensuring that all customers enjoy the benefits of EE, especially those historically underserved by EE programs.

MCE’s customer base, which spans four Bay Area counties, is unique and diverse. While residential customers are the most prominent group among MCE’s customer accounts, MCE also serves commercial, agricultural, public and industrial customers. A significant proportion of MCE’s customers were born outside the United States, and nearly one-third of MCE’s population base speaks a language other than English. Household incomes in MCE’s service area vary widely—whereas household incomes are higher in Marin and Contra Costa counties, incomes are

comparatively lower in Napa and Solano counties.

MCE’s unique service area and customer base require MCE to employ a diverse set of strategies in order to achieve the portfolio outcomes it strives for. MCE’s overarching portfolio strategies are to: 1) maximize TSB; 2) implement meaningful Equity programs; 3) support electrification and decarbonization efforts; 4) incorporate load shaping and demand response (DR); and 5) optimize delivery channels. MCE’s portfolio—including its proposed annual budgets and goals—is reasonably designed to implement those strategies. The table below summarizes MCE’s budget and goals²⁵ on an annual basis during the 2024-2027 portfolio period.²⁶

Table 1: MCE Budget, TSB Goal and Energy Savings Targets for PYs 2024-2027

Program Year	Budget Request	Savings Target (kWh)	Savings Target (kW)	Savings Target (Therms)	Total System Benefit Goal
2024	\$19,273,639	24,059,067	3,255	494,710	\$15,540,846
2025	\$19,522,249	24,059,067	3,255	494,710	\$16,230,191
2026	\$19,584,021	24,059,067	3,255	494,710	\$17,098,384
2027	\$19,837,407	24,059,067	3,255	494,710	\$17,994,718
Total	\$78,217,316	96,236,268	13,020	1,978,840	\$66,864,140

MCE’s annual Portfolio Plan budget is reasonable because it reflects a “zero-based” budgeting approach. The zero-based budgeting approach requires MCE to justify all expenses for each year of the four-year period after analyzing each function within the budget for its needs and costs.²⁷ To develop a zero-based budget, MCE considered the following factors in turn: (1)

²⁵ MCE’s energy savings and TSB goals are not set through the bi-annual Potential and Goal (P&G) study completed by the Commission to determine the EE potential and goals for the IOU PAs. Instead, in D.21-09-037, the Commission determined that MCE may propose energy savings and TSB goals every four years through the portfolio application process and may propose to revise their goals and savings forecast in the true-up or mid-cycle advice letters. See D.21-09-037, OP5 at 30. Accordingly, MCE proposes energy savings and TSB goals for its 2024-2027 portfolio through this Application.

²⁶ The difference between the total and the sum of each year is due to rounding.

²⁷ D.21-05-031, OP 8 at 82.

regulatory and statutory requirements and legislative guidance; (2) MCE’s mission and vision;²⁸ (3) an assessment of ongoing EE activities and emerging opportunities; and (4) an analysis of cost drivers, including staffing, implementation contracts and incentive costs.

D.21-05-031 contains the key regulatory requirements relevant to MCE’s portfolio budget. Specifically, D.21-05-031 requires that PAs limit the expenditures on Market Support and Equity programs, combined, to a total of no more than 30 percent of their total portfolio budget.²⁹ MCE applied this requirement in developing the annual budget for its Market support and Equity segments over the portfolio period. Between PYs 2024 and 2027, Market Support and Equity programs make up 30% of MCE’s EE portfolio.³⁰ MCE’s portfolio budget is further informed by Senate Bill 350 (De León, 2015) and Assembly Bill 802 (Williams, 2015), which respectively require a doubling of EE by 2030 and the introduction of NMEC methods in EE programming.

MCE’ mission and vision, which emphasize energy efficiency, also inform its budget. MCE’s EE programs are central to achieving its mission by (1) reducing load and making it easier to meet renewable energy targets; (2) supporting the local economy and advancing Equity goals through Equity programming; and (3) supporting the local workforce through WE&T programs. As such, MCE’s budget reflects an effort to invest as much as possible in EE while following the rules and regulations for ratepayer-funded EE programs established by the Commission.

MCE completed its zero-based budgeting exercise by assessing the activities associated with its existing EE portfolio, identifying emerging opportunities for EE deployment, and analyzing key cost drivers. To identify emerging opportunities, MCE analyzed several sources

²⁸ See Marin Clean Energy, About Us, *available at*: <https://www.mcecleanenergy.org/about-us/>.

²⁹ D.21-05-031, OP 4 at 81.

³⁰ See Exhibit 2, Chapter 3, Sections 3.1 and 4.1.

including the 2021 Potential and Goals (P&G) study³¹ and the 2021 Avoided Cost Calculator (ACC). MCE's analysis of cost drivers included an examination of staffing and operational costs, implementation costs, marketing costs and incentives. MCE describes its assessment and analysis of cost drivers, and their impacts on PY 2024-2027 budgets, in Exhibit 2, Chapter 2 of its testimony.

2. MCE's Proposed Energy Efficiency Portfolio is Reasonably Designed to Meet the Goals of its Resource Acquisition, Equity and Market Support Segments.

Consistent with the Commission's directives in D.21-05-031,³² MCE has divided its portfolio into Resource Acquisition, Market Support and Equity segments (described in more detail in Exhibit 2, Chapter 3 of MCE's testimony). MCE's Resource Acquisition segment includes programs that will deliver cost-effective avoided cost benefits to the electricity and natural gas systems. MCE designed these programs to maximize TSB while mitigating ratepayer risk and providing value to MCE's customers. MCE's Resource Acquisition programs are a combination of existing programs (for example, MCE's Commercial Efficiency Market, SEM and Behavioral Messaging programs) and new programs that build on strategies that MCE has successfully developed to date (for example, the expansion of NMEC-based Marketplace programs into the residential sector). MCE's Resource Acquisition segment has a forecasted TRC ratio of 1.08 over the Portfolio Plan period, which exceeds the Commission's ex-ante cost-effectiveness requirement (i.e., a TRC ratio of 1.0).³³

MCE's Equity segment includes programs with a primary purpose of providing EE to

³¹ See Cal. Pub. Util. Comm'n, 2021 Potential and Goals Study, *available at*: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/energy-efficiency/energy-efficiency-potential-and-goals-studies/2021-potential-and-goals-study>.

³² D.21-05-031, OP2 at 81.

³³ D.21-05-031, OP3 at 81.

Equity customers³⁴ in advancement of the Commission’s ESJ Action Plan.³⁵ The programs are designed to (1) provide energy efficiency and electrification opportunities; (2) deliver non-energy benefits (NEBs); and (3) reduce the energy burden for Equity customers. MCE’s Equity programs offer (1) additional technical support; (2) reduced or no customer copays; (3) meaningful community engagement; and (4) targeted marketing to participating customers. They are geared at customers that would otherwise be challenging to serve under the cost-effectiveness requirements applicable to the Resource Acquisition segment. Improving access to EE for Equity customers achieves energy savings and can also provide extremely valuable NEBs, such as (1) increased health, comfort and safety; (2) improved indoor air quality; and (3) more affordable utility bills. These NEBs are consistent with Goals 1, 2, and 5 in the Commission’s ESJ Action Plan.³⁶

MCE’s Market Support segment consists of a single program, the WE&T program, which is tailored to support a workforce that can install advanced EE and electrification measures. This program does not claim savings but instead supports other programs that incentivize building electrification by increasing the available contractor pool. As a part of this program, MCE will provide training for EE contractors and job-seekers in the sustainable energy field; match job-seekers with energy contractors for paid, on-the-job training; and follow best practices from

³⁴ MCE refers to all categories of customers eligible for its proposed Equity segment programs using the umbrella term “Equity customers.” Consistent with D.21-05-031, MCE defines “Equity customers” as residential customers and businesses within identified “Environmental and Social Justice Communities” (ESJ Communities) by the Commission’s Environmental and Social Justice Action Plan, with the additional modifier of households at or below 400% of the Federal Poverty Level (FPL) or 80% of Area Median Income. *See* Exhibit 2, Chapter 3, Section 4.2 of MCE’s testimony.

³⁵ *See* Cal. Pub. Util. Comm’n, Environmental and Social Justice Action Plan version 1.0 (Feb. 21, 2019), available at: <https://www.cpuc.ca.gov/news-and-updates/newsroom/environmental-and-social-justice-action-plan> (“ESJ Action Plan”).

³⁶ *See* ESJ Action Plan at 6-8.

industry leaders in creating high-quality employment.

The table below summarizes MCE’s requested budget on an annual basis, disaggregated by segment, during the 2024-2027 Portfolio Plan period.³⁷

Table 2: MCE Budget Disaggregated by Segment for PYs 2024-2027

Program Year	Segment	Budget Request
2024	Resource Acquisition	\$12,720,602
	Market Support	\$1,033,676
	Equity	\$4,748,416
	Total	\$18,502,694
2025	Resource Acquisition	\$12,884,684
	Market Support	\$1,014,783
	Equity	\$4,841,891
	Total	\$18,741,359
2026	Resource Acquisition	\$12,925,454
	Market Support	\$1,017,752
	Equity	\$4,857,455
	Total	\$18,800,660
2027	Resource Acquisition	\$13,092,689
	Market Support	\$1,002,206
	Equity	\$4,949,016
	Total	\$19,043,911

3. *MCE’s Portfolio Includes Robust and Targeted Programs in the Agricultural, Commercial, Cross-Cutting, Industrial and Residential Sectors.*

Over the Portfolio Plan period, MCE will continue to offer programs in the agricultural, commercial, industrial and residential sectors, as well as a cross-cutting WE&T program. MCE emphasizes its residential and commercial sector programming because the residential sector makes up the highest number of MCE customer accounts (approximately 90%) while the commercial sector provides the greatest opportunities for achieving cost-effective savings.

With respect to the residential sector, MCE proposes two primary goals: (1) serve low- to moderate-income customers with comprehensive offerings that save energy and money while

³⁷ The difference between the total and the sum of each segment is due to rounding.

providing additional NEBs; and (2) serve market-rate residential customers with programs that meet or exceed TSB requirements. To meet its residential customers' needs, MCE will (1) encourage low- to no-cost savings through behavioral messaging; (2) diversify its network of EE providers by implementing a residential Efficiency Market program (mirroring its existing, successful Commercial Efficiency Market program); (3) complement and fill gaps in existing EE programs; and (4) network within communities to identify eligible Equity customers.

With respect to the commercial sector, MCE proposes the following strategies to meet its portfolio goals. MCE will (1) scale incentives based on TSB; (2) employ varied delivery channels (including both the Marketplace model as well as a "direct support" model); (3) facilitate financing solutions for both customers and aggregators;³⁸ and (4) develop a new Commercial Equity program to provide support and services to commercial Equity customers.³⁹

MCE will also deploy certain strategies that are common to both its residential and commercial sectors. For instance, in both the residential and commercial sectors, MCE will (1) implement SEM programs; (2) use data analytics to target customers with high savings or TSB potential; and (3) emphasize coordination with other programs through an "Any Open Door" strategy which leverages EE as an opportunity to promote complementary sustainability and energy offerings.

MCE's industrial sector strategies substantially mirror its agricultural sector strategies. In order to address common pain points and achieve cost efficiencies, MCE will implement a joint

³⁸ In this Application, MCE defines an "aggregator" as a vendor or provider of an energy efficiency or demand management service that aggregates a number of customers under a combined offering for participation in a MCE Marketplace program. An aggregator is distinct from a traditional program "implementer" which MCE defines in this Application as a single implementation partner under a particular EE program (not a Marketplace program).

³⁹ MCE defines "Commercial Equity customers" for the purposes of this Application as businesses in ESJ communities. *See* Exhibit 2, Chapter 3, Section 4.2.

program that targets both agricultural and industrial customers (the MCE Agricultural and Industrial Resource or “AIR” program). In addition, similar to strategies that MCE will deploy in its residential and commercial sector programming, MCE will serve its agricultural and industrial customers by (1) scaling incentive payments based on TSB of a project; (2) implementing SEM programming; (3) emphasizing coordination with other programs through the “Any Open Door” strategy; and (4) using data analytics to target customers with high savings potential.

Finally, MCE’s cross-cutting WE&T program will increase the capacity of the workforce to install and maintain emerging EE and electrification measures and create opportunities for sustainable employment in the building electrification industry. The WE&T program is MCE’s only program in the Market Support segment, and MCE’s strategies for achieving its Market Support segment’s goals are further described above.

Through these sector-specific strategies, which are described in more detail in Exhibit 2, Chapter 4 of MCE’s testimony, MCE’s portfolio will comprehensively address the needs of its agricultural, industrial, commercial and residential customers. MCE will also continue to serve public sector customers through its existing EE programs depending on their specific characteristics and energy usage patterns. For example, MCE will continue to engage with public water and wastewater agencies under its industrial program.

The table below summarizes MCE’s requested budget on an annual basis, disaggregated by sector, during the 2024-2027 portfolio period.⁴⁰

⁴⁰ The difference between the total and the sum of each sector is due to rounding.

Table 3: MCE Budget Disaggregated by Sector (2024-2027)

Program Year	Sector	Budget
2024	Agricultural	\$726,866
	Commercial	\$7,948,028
	Industrial	\$1,087,157
	Residential	\$7,706,967
	Cross-Cutting	\$1,804,621
	Total	\$19,273,639
2025	Agricultural	\$732,727
	Commercial	\$8,056,302
	Industrial	\$1,092,434
	Residential	\$7,845,113
	Cross-Cutting	\$1,795,673
	Total	\$19,522,249
2026	Agricultural	\$738,999
	Commercial	\$8,066,539
	Industrial	\$1,098,080
	Residential	\$7,879,290
	Cross-Cutting	\$1,801,113
	Total	\$19,584,021
2027	Agricultural	\$745,710
	Commercial	\$8,186,167
	Industrial	\$1,104,122
	Residential	\$8,005,707
	Cross-Cutting	\$1,795,702
	Total	\$19,837,407

4. MCE’s Marketplace Programs are a Pillar of its Programming Strategy.

MCE is a pioneer in pairing NMEC-based energy savings and demand reduction quantification with a pay-for-performance (P4P) program structure. MCE has developed the capacity to deploy P4P Marketplace programs that use NMEC measurement methods since 2016 and expects those innovative programs to be a pillar of its programming strategy in the 2024-2027 portfolio cycle and beyond. In this Application, MCE proposes three Marketplace programs—the

EE-focused Commercial Efficiency Market and Residential Efficiency Market, as well as the demand management-focused Peak FLEXmarket program.⁴¹

MCE's Efficiency Market programs rely on meter data to assess customer load and quantify hourly savings profiles, which are used to make payments based on the actual performance of an EE measure (*i.e.*, the avoided cost value of quantified savings). Payments in the Efficiency Market programs vary not only based on total energy savings, but also on *when* those savings occur—which creates a direct linkage between incentives and value delivered to the system. Similarly, MCE's Peak FLEXmarket program assigns an hourly value to demand reduction and makes payments to providers based on measured impacts during peak periods. MCE will also leverage the Marketplace program model to incorporate low-global warming potential (low-GWP) refrigerants into its portfolio by paying aggregators incentives that align with the TSB of refrigerant conversion projects.

MCE's Marketplace programs are innovative for a variety of reasons. First, the programs not only align incentives and program expenditures with delivered system benefits, but also inherently evolve in parallel with updates to avoided cost calculations (since “performance” under the program is linked to the Commission's ACC⁴²).

Second, MCE's Marketplace programs produce an important ancillary benefit: instead of relying on a small, select group of implementation partners (as is common in traditional EE portfolios), Marketplace programs open the door to a much larger group of providers. This not only results in MCE's customers having access to a more diverse set of services under a single

⁴¹ See MCE's request for standalone EE funding for its Peak FLEXmarket program at Section IV.C. of this Application; *see also* Exhibit 2 Chapter 8 of MCE's testimony describing the Peak FLEXmarket program.

⁴² In the case of refrigerant projects, performance would be linked to the Refrigerant Avoided Cost Calculator.

program umbrella, but also reduces performance risk to all ratepayers. That is because, unlike the traditional solicitation and contract management model, the Marketplace model does not tie funding to individually contracted implementation partners subject to payment caps tied to assumed deliverable value. Instead, Marketplace programs allocate funding to providers who have submitted complete projects, and those funds are only paid once the TSB of metered projects has been verified. This minimizes the risks of portfolio underperformance, programmatic downtime and administrative waste. Indeed, the Commission has recognized that the basic structure of MCE's Marketplace programs presents very low risk to ratepayers because it (1) requires measurement of actual energy savings using NMEC methods; (2) links payments to performance; and (3) limits program spending by total system benefit achieved.⁴³

Third, MCE's Marketplace programs promote flexibility and efficiency by offering aggregators significant leeway to develop customer offerings as they see fit, based on each provider's strengths, business models, and variable customer needs, rather than based on prescriptive measure lists. While aggregators drive customer engagement under the Marketplace model, MCE supports participating aggregators by offering co-branded marketing collateral, data analytics, financing opportunities, and support from MCE's business relationship managers.

To maximize the several benefits of the Marketplace model, MCE proposes to increase its emphasis on Marketplace programs over the portfolio plan period. MCE's 2024-2027 budgets include increased funding for its Commercial Efficiency Market program, as well as a funding request for a new Residential Efficiency Market program. Relatedly, MCE's standalone request for its Peak FLEXmarket program in the 2024-2027 portfolio plan period will allow it to continue expanding the innovative Marketplace model into the demand management area, thereby

⁴³ D.21-12-011 at 30-31.

achieving increased peak demand reductions and supporting grid reliability.

B. The Commission Should Approve MCE’s Proposed 2024-2031 Energy Efficiency Business Plan, Including its Proposed Budget Cap.

MCE’s 2024-2031 Business Plan provides the long-term strategic overlay to MCE’s near-term Portfolio Plan strategies, expected outcomes and budgets as described above. As such, the eight-year Business Plan is an extension of the four-year Portfolio Plan. Importantly, MCE has intentionally designed its Business Plan such that it is philosophically consistent with the Portfolio Plan. Over the eight-year Business Plan period, MCE will continue to 1) aim to maximize TSB through the implementation of cost-effective EE programs; 2) support the sustained growth of the EE market in its service area; 3) foster the closer integration of EE and demand management strategies and 4) ensure that all customers enjoy the benefits of EE, especially those historically underserved by EE programming. The table below summarizes MCE’s requested budget, TSB goals and energy savings targets on an annual basis during the 2024-2031 Business Plan period.

Table 4: MCE Budget, TSB Goals and Energy Savings Targets (PYs 2024-2031)

Program Year	Budget Request	Savings Target (kWh)	Savings Target (kW)	Savings Target (Therms)	Total System Benefit Goal⁴⁴
2024	\$19,273,639	24,059,067	3,255	494,710	\$15,528,383
2025	\$19,522,249	24,059,067	3,255	494,710	\$16,218,045
2026	\$19,584,021	24,059,067	3,255	494,710	\$17,085,620
2027	\$19,837,407	24,059,067	3,255	494,710	\$17,981,263
2028	\$19,905,308	24,059,067	3,255	494,710	\$18,891,597
2029	\$19,976,604	24,059,067	3,255	494,710	\$19,826,995
2030	\$20,051,465	24,059,067	3,255	494,710	\$20,774,384
2031	\$20,130,069	24,059,067	3,255	494,710	\$21,849,369
Totals	\$158,280,762	192,472,536	26,040	3,957,680	\$148,206,484

⁴⁴ MCE’s energy savings and TSB goals are not set through the bi-annual Potential and Goal (P&G) study completed by the Commission to determine the EE potential and goals for the investor-owned utility program administrators. Instead, in D.21-09-037, the Commission determined that MCE may propose energy savings and TSB goals every four years through the portfolio application process and may propose to revise their goals and savings forecast in the true-up or mid-cycle advice letters. D.21-09-03, OP5 at 30.

MCE's Business Plan and associated budgets are reasonable because they are an extension of the strategies in its four-year Portfolio Plan and because they anticipate continued evolution in California's energy goals. As California's energy goals evolve, new market and technology opportunities emerge, and the Commission institutes new demand-side management policies and directives, MCE will continue to innovate and diversify its program offerings. MCE expects that over the Business Plan period (1) its meter-based and pay-for-performance programs will continue to grow; (2) electrification programs will become a more prominent feature of its portfolio; (3) decarbonization will play an increasingly important role in portfolio planning, and; (4) EE programs will be more closely integrated with other demand-side management offerings. Consistent with D.21-05-31, MCE will file a Portfolio Plan application for PYs 2028-2031 in which it will detail its program strategies for that future period in more detail.

C. The Commission Should Approve MCE's Standalone Request for Funding of its Peak FLEXMarket Program for Program Years 2024-2027.

In light of California's increasing focus on long-term grid reliability needs,⁴⁵ the Commission has called for greater integration between EE and demand management programs to help deliver improved reliability outcomes.⁴⁶ The Commission's interest in integrating EE and demand management programs correctly recognizes the complementary relationship between EE and demand management measures (*i.e.*, EE measures deliver demand reductions, and demand reduction measures deliver energy savings during certain times). In 2017, Commission staff proposed the integration of certain aspects of EE and DR activities, including residential heating, ventilation and air conditioning (HVAC) controls, non-residential HVAC and lighting controls, as

⁴⁵ See *e.g.* Executive Department State of California, Proclamation of a State of Emergency, July 30, 2021, <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf>.

⁴⁶ R. 13-11-005, *Ruling requesting comments/ proposals to address Governor's Proclamation of July 30, 2021* (August 6, 2021).

well as DR and EE potential studies to support analysis under the integrated resource planning (IRP) process.⁴⁷ In its Order on the PAs' 2017 portfolio applications, the Commission adopted a set of general requirements for utility PAs to begin to integrate delivery of EE and DR capabilities to customers.⁴⁸ The Commission also encouraged non-utility PAs, such as MCE, to solicit third-parties to design and implement programs to test various strategies and technologies for integrating DR capabilities with existing EE activities.⁴⁹

The Commission should continue to foster the closer integration of EE and demand management programs in this proceeding to maximize high value energy savings. Specifically, MCE requests that the Commission authorize MCE to continue to use EE funds to scale its Peak FLEXmarket demand management program during the 2024-2027 portfolio period. Peak FLEXmarket is a proven and innovative demand management program that complements MCE's Residential and Commercial Efficiency Market programs. MCE's Efficiency Market programs compensate aggregators based on the avoided cost value of their projects, which means that savings occurring during peak hours receive higher payments than savings occurring during off-peak hours. Peak FLEXmarket shares the same fundamental meter-based payment structure as the Efficiency Market programs, but incentivizes load shifting, load shaping and demand reduction during peak summer hours. MCE's Efficiency Market programs and Peak FLEXmarket, operating in tandem, will spur the development of new projects that combine efficiency and demand management measures, thereby unlocking the value of demand management from the same providers that deliver traditional energy savings. The demand reductions and energy savings that

⁴⁷ D.18-05-041 at 30.

⁴⁸ D.18-05-041, COL 9 at 171; OP 10 at 184.

⁴⁹ D.18-05-041 at 36.

MCE’s Marketplace programs deliver will support the state’s goal to increase energy savings while also supporting grid reliability, which is an issue of increasing concern in California.

The table below summarizes MCE’s requested annual budget and forecasted goals for the Peak FLEXmarket in PYs 2024-2027.

Table 5: Peak FLEXmarket Budget and Goals for PYs 2024-2027

Program Year	Budget	Peak⁵⁰ Demand Reduction (MW)	Peak energy savings (MWh)
2024	\$6,570,000	22.5	4,950
2025	\$6,570,000	22.5	4,950
2026	\$6,570,000	22.5	4,950
2027	\$6,570,000	22.5	4,950
Total	\$26,280,000	90	19,800

The Commission has previously authorized MCE to use EE funds to scale Peak FLEXmarket. In D.21-12-011, the Commission authorized MCE to redeploy \$11 million in unrequested EE funds to augment its Peak FLEXmarket program budget in 2022 and 2023.⁵¹ Moreover, in that decision, the Commission authorized PAs to propose extensions to their MAPs in their 2022 EE applications, and acknowledged that MAPs are modeled on MCE’s Efficiency Market and Peak FLEXmarket programs.⁵² Peak FLEXmarket will remain an important complement to MCE’s Efficiency Market programs beyond 2023 and therefore the Commission should authorize MCE to continue to use EE funds to implement Peak FLEXmarket in PYs 2024-2027.

MCE is including the request for approval of Peak FLEXmarket as distinct from its EE portfolio, including its 2024-2027 budgets and goals. This is because the Commission’s Cost

⁵⁰ Peak periods are defined as 4pm - 9pm between June 1 and September 30 each year.

⁵¹ D.21-12-011, OP 2 at 60.

⁵² D.21-12-011, at 24; 30.

Effectiveness Tool (CET)—which MCE and other EE PAs use to calculate the TSB and cost-effectiveness of their programs—cannot currently calculate the impacts of a demand management program accurately. The CET currently requires PAs to choose a prescriptive load shape and provide an effective useful life (EUL) of at least one year for each participating measure. However, demand management measures (such as those incentivized by the Peak FLEXmarket) are often developed to deliver energy savings and peak demand reductions only during the peak hours of summer months. The CET therefore cannot accurately forecast the TSB associated with demand management measures. If MCE had incorporated Peak FLEXmarket into its Resource Acquisition segment, it would not have been able to calculate the cost-effectiveness of that segment as required by D.21-05-031. MCE therefore requests that the Commission approve MCE’s standalone budget request for Peak FLEXmarket.

D. Recommendations for New or Modified Energy Efficiency Policies

MCE includes its recommendations for new or modified EE policies in Exhibit 1, Chapter 3 of its testimony, and summarizes those recommendations briefly below.

1. The Commission Should Bolster the Cost Effectiveness Tool and the California Energy Data and Reporting System.

The Commission’s CET is housed within the California Energy Data and Reporting System (CEDARS) and is used to calculate TSB and cost-effectiveness associated with EE programs. The CET is a critical tool on which all EE PAs rely to develop their portfolios—including budgets and energy savings targets. The CET and CEDARS require both additional resources and functionality to allow ongoing maintenance and to improve the efficiency of program and portfolio development. To this end, MCE offers the following policy recommendations:

- Direct additional funding to CEDARS;
- Establish a “governance committee” for both the CET and CEDARS;

- Add an application programming interface (API) to the CET and CEDARS to allow system-to-system communication between PAs’ and implementers’ data systems and the CET and CEDARS;
- Direct the creation of a more transparent, accessible and robust set of documentation and trainings for CET users, and;
- Allow CPUC-contracted evaluators to view and access more detailed program tracking data through CEDARS.

Collectively, these improvements would make the CET and CEDARS more robust which in turn would significantly increase the efficiency of EE portfolio and program development and evaluation.

2. *The Cost Effectiveness Tool Should be Modified to Appropriately Value the Impacts of Demand Reduction Measures.*

The CET, as it is currently designed, is focused on calculating the cost-effectiveness and TSB of EE measures and is not designed to calculate the impacts of demand reduction measures. Specifically, the CET does not calculate avoided costs and thus TSB for DR events (*i.e.*, designated instances during which customers are asked, in advance, to reduce their energy demand temporarily). As described in section C above, the CET requires PAs to choose a prescriptive load shape and provide an EUL of at least one year. However, many demand management measures are heavily—and sometimes entirely—geared towards achieving energy savings and peak demand reductions during peak hours of summer months.

In its recent Decision (D.) 21-12-011 regarding summer 2022 and 2023 electric reliability, the Commission approved the MAP, which incentivizes implementers to find EE projects that

deliver measurable peak or net peak demand savings.⁵³ As a part of that program, incentives will be adjusted to include a “kicker” payment for peak and net peak savings delivered between June 1 and September 30 of PYs 2022 and 2023. Unfortunately, the CET, as it is currently designed, cannot appropriately calculate peak and net peak savings, which will make it difficult to calculate TSB and cost effectiveness ratios for programs that include kicker payments.

Like the MAP, MCE’s Peak FLEXmarket program offers incentives for load shifting during summer peak hours. It also incentivizes demand reduction during periods of high grid congestion, power shortages, or high prices (*i.e.* DR events). The CET’s limitations described above make it difficult for MCE to calculate the demand impacts of the Peak FLEXmarket program appropriately.

To implement the Commission’s direction on new MAPs and to enable MCE’s Peak FLEXmarket program and similar innovative programs that integrate EE with demand reduction strategies, the Commission should modify the CET to allow for the use of custom load shapes and the calculation of TSB for partial hours of the year. This will enable PAs to appropriately value the impact of demand reduction measures, and incorporate these measures into the Resource Acquisition segment of their respective portfolios on equal footing with EE measures. Additionally, MCE recommends the Commission conduct workshops to better align cost-effectiveness metrics with DR metrics and updated policy goals starting in 2024.

3. *The Commission Should Establish Clear Deadlines for Updating Technical Tools and Templates.*

As described above, the CET is a tool that serves as the very basis on which PAs build their portfolios. Without easy and consistent access to that tool during portfolio planning, PAs cannot

⁵³ D.21-12-011, OP1 at 59. As the Commission noted, the Market Access program is modeled on MCE’s Peak FLEXmarket program, described in more detail in Exhibit 2, Chapter 8. D.21-12-011, p. 24.

develop their portfolio plan or budget, develop TSB and energy savings targets, and determine which programs are cost-effective. Currently however, PAs' portfolio planning efforts are frequently hamstrung by unavailability or late updating of the CET before a filing deadline. The Commission should implement process changes such that PAs have sufficient time to adapt to changes in cost effectiveness results before a CET showing is required. This would help avoid situations where PAs are forced to rework portfolios on timelines that are significantly shorter than the original timelines provided to develop cost effectiveness showings.

To this end, MCE recommends that the Commission direct Energy Division staff finalize all technical tools necessary for portfolio planning at last 90 days before the submission of any future Advice Letter (AL) filing (*e.g.*, the true-up or mid-cycle AL) or at least 120 days before any future portfolio plan filing (*i.e.*, the Application for PYs 2028-2031). Further, if the technical tools are not ready on that timeline, the Commission should automatically extend the filing deadline to ensure that all technical tools are finalized at least 90 days before an AL submission and 120 days before a portfolio plan filing. This will allow PAs enough time, generally, to revise their filings more efficiently and without needing to deprioritize core implementation work.

4. *The Commission Should Direct MCE and PG&E to Exchange Demand Response Program Participation Data on a Quarterly Basis*

While EE program coordination and data sharing processes between Pacific Gas & Electric (PG&E) and MCE have improved in recent years, a greater exchange of information for DR programs is needed. The state is acutely and appropriately focused on reliability, and recently approved new IOU DR programs.⁵⁴ These and other DR programs have limitations on dual participation in demand management programs. Hence, PG&E and MCE must exchange program

⁵⁴ See *e.g.* D.21-12-015, OP 7 (authorizing the Residential Emergency Load Reduction Program).

participation information to help verify customer eligibility and avoid customers' dual participation in a demand management program. To date, PG&E has generally asserted that customer confidentiality impedes data sharing on DR programs, but those concerns are misplaced given the CCAs' long-standing non-disclosure agreements with PG&E, which would ensure that the confidentiality of customer data is protected. Absent Commission direction on coordination, it will be infeasible for MCE or PG&E to verify customer eligibility given the need to generally avoid enrolling customers in multiple demand management programs. MCE therefore recommends that the Commission direct PG&E and MCE to share program participation data for all DR programs, tariffs and pilots on a quarterly basis.

5. *The Commission Should Continue To Evaluate the Future Use of the Program Administrator Cost Test Instead of the Total Resource Cost Test to Evaluate the Cost-Effectiveness of the Resource Acquisition Segment*

Per D.21-05-031, PAs are required to demonstrate that the Resource Acquisition segment of their respective portfolios are cost effective on an ex-ante basis (i.e., meet or exceed a Total Resource Cost (TRC) ratio of 1.0 on an ex-ante basis). MCE conceptually agrees that for the Resource Acquisition segment of EE portfolios, benefits should be equal to, or greater than, costs. However, the TRC is not the appropriate ratio to use to accurately and meaningfully compare the costs and benefits of current EE programs. That is because the TRC test is fundamentally asymmetric: it includes participant *costs* but fails to include important participant *benefits* such as NEBs. This results in an “apples to oranges” comparison that skews cost-effectiveness results. Additionally, NEBs exclusion also discourages participation of Equity customers in EE programs.⁵⁵

⁵⁵ See MCE Application, V, C, 5; Policy Recommendation 5; Exhibit 1, Chapter 3, Section 1.6.

In contrast, the Program Administrator Cost (PAC) test considers only those costs and benefits the PA incurs, and not those the customer incurs. The PAC test therefore provides a much better “apples to apples” comparison of the benefits and costs of EE programs. The Commission has previously recognized the potential merits of the PAC test and the need to update cost-effectiveness measurements, but has on more than one occasion declined to order a move away from the TRC test. In D.21-05-031, the Commission stated that while it recognized the merits of the PAC test, it would test out its new approach to portfolio segmentation (in which only programs in the Resource Acquisition segment are subject to cost effectiveness requirements) before making any changes to threshold cost-effectiveness assessment requirements.⁵⁶ MCE acknowledges that, for the purposes of the 2024-2027 portfolio cycle, the Commission would like to test its new segmentation approach before making any changes to cost effectiveness threshold requirements. However, in the longer run, MCE continues to encourage the Commission to consider a future transition from the TRC to the PAC test. For this reason, MCE suggests that the Commission establish cost-effectiveness workshops starting in 2024 to explore this issue in time to implement a shift to the PAC in the following four-year portfolio cycle.

6. *The Commission Should Develop Non-Energy Benefits as an Indicator for the Equity Segment of Energy Efficiency Portfolios.*

MCE strongly supports the vital development of NEB metrics in EE programs and within the Equity segment of this Application. NEBs like health, safety, comfort and reduced energy burdens are often the primary motivation and justification for EE investments in general, and in Equity communities in particular. Consistent with the Commission’s ESJ goal to promote

⁵⁶ D.21-05-031 at 67-68.

investment in clean energy resources that benefit Equity customers⁵⁷ and the California Energy Efficiency Coordinating Committee (CAEECC) Equity Group’s consensus recommendation,⁵⁸ MCE supports expanding existing EE metrics to better promote equitable outcomes through NEBs.

MCE’s recommendation is aligned with the Commission’s recognition in D. 21-05-031 that it “may consider whether or how to transition to an evaluation of non-energy benefits when considering the reasonableness of costs related to market support and equity programs.”⁵⁹ Further, in D.21-05-031, the Commission acknowledged: “All parties seem to agree that the current focus on first-year energy savings only, in the form of kWh, kW, and therm savings, does not capture all of the policy goals and benefits of energy efficiency. We agree.”⁶⁰

The failure to consider and value NEBs represents a key barrier to EE investments benefiting Equity customers. Equity customers experience many structural, market and policy barriers to EE programs. For example, EE projects in older buildings within ESJ communities often require additional retrofits and treatments than newer buildings, resulting in higher comparative costs. Current evaluation methodologies, that do not consider NEBs, functionally discourage projects in the households, business and communities that need them the most, because they ignore many of the key benefits that the projects will deliver to participants. These same households, businesses and communities are simultaneously disproportionately experiencing higher energy burdens, greater pollution from California’s energy system, higher disconnection

⁵⁷ Cal. Pub. Util. Comm’n, Environmental and Social Justice Action Plan, version 1.0 at 15 (Feb. 21, 2019).

⁵⁸ CAEECC Equity Metrics Working Group, October 2021, Report and Recommendations to the California Public Utilities Commission and the Energy Efficiency Program Administrators Equity Working Group Final Report, at 19-20, available at: <https://www.caeccc.org/equity-metrics-working-group-meeting>.

⁵⁹ D.21-05-031 at 23-24.

⁶⁰ D.21-05-031 at 8.

risks and wildfire impacts. Failing to consider NEBs risks widens the already existing “climate gap” of environmental and social inequalities for Equity customers across California. That would run directly counter to the Equity segment’s primary purpose of “providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities.”⁶¹ MCE therefore urges the Commission to use NEBs as an indicator for the Equity segment.

V. ORGANIZATION OF MCE’S TESTIMONY

In support of this Application, MCE provides testimony describing its 2024-2031 EE Business Plan and 2024-2027 EE Portfolio Plan. Exhibit 1 of MCE’s testimony describes the eight-year Business Plan. It details MCE’s strategic vision, provides annual budgets, and recommends new and modified EE policies for the Commission’s consideration. Exhibit 2 of MCE’s testimony describes the four-year portfolio plan in detail. It provides extensive information regarding MCE’s portfolio and budget, including in particular:

- A summary of MCE’s Portfolio Plan (Chapter 1);
- Forecasting methodology and budget, based on a zero-based budgeting approach (Chapter 2);
- Segmentation strategy (Chapter 3);
- Sector-specific strategies (Chapter 4);
- Portfolio management approaches (Chapter 5);
- Evaluation, measurement and verification (EM&V) considerations (Chapter 6);
- Portfolio cost summaries (Chapter 7); and
- A description of MCE’s Peak FLEXmarket (Chapter 8).

Exhibit 3 of MCE’s testimony includes the following set of appendices to MCE’s testimony:

⁶¹ D.21-05-031 at 14-15.

- Appendix A: Budget Filing Appendix;
- Appendix B: Supplemental Budget Narrative;
- Appendix C: Proposed Equity and Market Support Segment Metrics;
- Appendix D: Budget Details by Program; and
- Appendix E: CEDARS Filing Receipt.

Consistent with the Commission’s requirements, Exhibit 1 and 2 of MCE’s testimony adhere to a template approved by the Commission’s Energy Division. Exhibit 3 of MCE’s testimony follows the guidance provided by Energy Division staff and/or CAEECC.

VI. COMPLIANCE WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

In the sections below, MCE provides certain information regarding its Application, its supporting testimony and its corporate form in compliance with the Commission’s Rules concerning applications.

A. Summary of Relief Sought - Rule 2.1

MCE respectfully requests that the Commission expeditiously approve this Application and grant the following relief:

- Approve MCE’s 2024-2027 EE Portfolio Plan described in Exhibit 2 of MCE’s testimony, and associated annual budgets described in Exhibit 2, Chapter 1 of MCE’s testimony;
- Approve MCE’s 2024-2031 EE Business Plan described in Exhibit 1 of MCE’s testimony, and associated budget cap described in Exhibit 1, Chapter 2 of MCE’s testimony;
- Approve funding for MCE’s Peak FLEXmarket program for PYs 2024-2027, consistent with the budget described in Exhibit 1, Chapter 2 of MCE’s testimony in support of this Application;
- Bolster the Cost Effectiveness Tool and the California Energy Data and Reporting System;
- Modify the Cost Effectiveness Tool to appropriately value the impacts of demand

reduction measures;

- Establish clear deadlines for updating technical tools and templates;
- Direct MCE and PG&E to exchange DR program participation data on a quarterly basis;
- Continue to evaluate the future use of the PAC test instead of the TRC test to evaluate the cost-effectiveness of the Resource Acquisition segment, and;
- Develop non-energy benefits as an indicator for the equity segment of EE portfolios.

B. Statutory Authority - Rule 2.1

MCE is applying to continue administering EE programs under the authority granted in Cal. Pub. Util. Code § 381.1(a)-(d) and its obligations to procure EE on behalf of its customers as directed by Cal. Pub. Util. Code § 366.2(a)(5) and § 454.5(b)(9)(C).

C. Legal Name & Principal Place of Business - Rule 2.1(a)

The legal name of the Applicant is Marin Clean Energy. MCE's principal place of business is San Rafael, California. Its address is 1125 Tamalpais Avenue, San Rafael, CA 94901. MCE is a joint powers authority formed under the laws of California.

D. Correspondence and Communication Regarding this Application - Rule 2.1(b)

MCE consents to email service of all notices, orders and other correspondence and communications relating to this Application. All correspondence and communications regarding this Application should be addressed to:

Mad Stano
Policy Counsel
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901
Telephone: (415) 464-6024
E-Mail: mstano@mceCleanEnergy.org

Jana Kopyciok-Lande
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Marin Clean Energy
1125 Tamalpais Avenue
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E. Categorization - Rule 2.1(c)

The Commission should categorize this Application as a “ratesetting” proceeding under Commission Rule 7.1(e)(2) because it does not clearly fit into any of the categories as defined by Rules 1.3(a), 1.3(b), 1.3(f) and 1.3(g). MCE’s Application does not meet the definition of adjudicatory in Rule 1.3(a) because it is neither an enforcement investigation nor a complaint. MCE’s Application is not a “catastrophic wildfire proceeding” as defined in Rule 1.3(b) because it does not involve an application to recover costs and expenses related to a wildfire. MCE’s Application does not fit the definition of a “quasi-legislative proceeding” under Rule 1.3(f) because the application does not require the Commission to establish policy or rules affecting a class of regulated entities, and because the Application requests the Commission to grant relief that is specific to MCE. And while MCE’s Application does not ask the Commission to set or investigate rates⁶² and therefore does not meet the definition of a “ratesetting proceeding” in Rule 1.3(g), the Commission should nevertheless categorize this Application as a “ratesetting proceeding” because, as described above, the Commission has the authority to do so where a proceeding does not clearly fit into any of the categories as defined in Rules 1.3(a), (b), (f) and (g).⁶³

F. Need for Hearing - Rule 2.1(c)

MCE has made efforts to provide a sufficient record via its Application materials to obviate the need for evidentiary hearings, and does not recommend hearings at this time. If the need for

⁶² EE applications filed by investor-owned utilities are generally categorized as “ratesetting” proceedings under Rule 1.3(g) because those proceedings require the Commission to approve rates that collect the funds necessary to pay for EE programs. In contrast, MCE’s EE Application does not require the Commission to set rates because, while MCE’s Application has a ratesetting impact, MCE does not itself collect revenue for Commission-authorized EE programs and therefore does not request that the Commission set rates.

⁶³ Rule 7.1(e)(2).

hearings arises, MCE requests that the resulting hearing schedule allow the Commission to render a final decision on this application with sufficient time to start implementing its 2024-2031 Business Plan and 2024-2027 Portfolio Plan at the start of 2024. Section VII.E, below, sets forth a proposed schedule for the consideration of EE applications.

G. Issues to be Considered - Rule 2.1(c)

MCE’s Application requests that the Commission approve MCE’s 2024-2031 Business Plan and 2024-2027 Portfolio Plan. Approval will enable MCE to successfully and sustainably provide a comprehensive EE portfolio to its member communities. MCE also requests that the Commission authorize funding for MCE’s PeakFLEX Market program for PYs 2024-2027 in this proceeding.

H. Proposed Schedule - Rule 2.1(c)

MCE proposes the following schedule for the consideration of EE applications:

Application Filed	March 4, 2022
Protests or Responses	April 7, 2022
Replies to Protests or Responses	April 21, 2022
Prehearing Conference	May 2022
Workshops (if needed)	July 2022
Testimony of Interested Parties	September 19, 2022
Rebuttal Testimony/Replies to Comments	October 19, 2022
Evidentiary Hearings (if needed)	November 18, 2022
Opening Briefs	January 16, 2023
Reply Briefs	February 15, 2023
Proposed Decision	August 2023
Final Decision	September 2023
Cost-Effectiveness Workshops	March 2024

This schedule would satisfy the Commission’s requirement that ratesetting proceedings be resolved within 18 months or less.

I. Articles of Incorporation - Rule 2.2

MCE is a CCA operating as a joint powers authority (JPA) organized under California law.

MCE commenced operations as a JPA on December 19, 2008. MCE is engaged in the provision of electric generation services under the authority granted in Cal. Pub. Util. Code § 366.2 and offers EE programs under the authority granted in Cal. Pub. Util. Code § 381.1. A copy of MCE's current Amended JPA, amended November 19, 2020, is available on MCE's website.⁶⁴

J. Rule 3.2 Requirement

The requirements listed in Rule 3.2 do not apply to this application because MCE does not request authority to increase rates or to implement changes that would result in increased rates. IOUs perform revenue collection for MCE's EE programs and typically provide the materials described in Rule 3.2 in their EE applications. As discussed above in section VII.B (Categorization – Ratesetting), MCE does not directly collect revenue for its EE programs. Thus, MCE does not propose specific rate changes in this Application. The requirements of Commission Rule 3.2 cannot therefore reasonably apply to this Application.

K. Notice and Service - Rule 1.9

A copy of the Application and supporting testimony are being served on the parties of record in R.13-11-005, Commissioner Shiroma, and Administrative Law Judges Fitch and Kao.

L. List of Supporting Documents

MCE includes several documents to support this application:

- Testimony of Marin Clean Energy Regarding its Energy Efficiency Business Plan, including attachments (Exhibit 1)
- Testimony of Marin Clean Energy Regarding its Energy Efficiency Portfolio Plan, including attachments (Exhibit 2); and

⁶⁴ Marin Energy Authority Joint Powers Agreement, effective December 19, 2008, as further amended by Amendment No. 15 dated November 19, 2020, *available at*: <https://www.mcecleanenergy.org/wp-content/uploads/2020/12/MCE-JPA-Agreement-37-Communities.pdf>.

- Appendices A-E to Testimony of Marin Clean Energy (Exhibit 3).

Appendix A is an Excel spreadsheet and will be made available online. A Notice of Availability included in Exhibit 3 will provide a link to Appendix A.

VII. CONCLUSION

For the reasons described in this Application, and in MCE's testimony in support of this application, MCE respectfully requests that the Commission expeditiously approve this Application and grant the following relief:

- Approve MCE's 2024-2027 EE Portfolio Plan described in Exhibit 2 of MCE's testimony, and associated annual budgets described in Exhibit 2, Chapter 1 of MCE's testimony;
- Approve MCE's 2024-2031 EE Business Plan described in Exhibit 1 of MCE's testimony, and associated budget cap described in Exhibit 1, Chapter 2 of MCE's testimony;
- Approve funding for MCE's Peak FLEXmarket program for program years 2024-2027, consistent with the budget described in Exhibit 1, Chapter 2 of MCE's testimony in support of this application;
- Bolster the Cost Effectiveness Tool and the California Energy Data and Reporting System;
- Modify the Cost Effectiveness Tool to appropriately calculate the impacts of demand reduction measures;
- Establish clear deadlines for updating technical tools and templates;
- Direct MCE and PG&E to exchange DR program participation data on a quarterly basis;
- Continue to evaluate the future use of the PAC test instead of the TRC test to evaluate the cost-effectiveness of the Resource Acquisition segment, and;
- Develop non-energy benefits as an indicator for the equity segment of EE portfolios.

Respectfully submitted,

By: /s/ Jana-Kopyciok-Lande
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DATED: March 4, 2022

VERIFICATION

I, the undersigned, say:

I am an officer of Marin Clean Energy, a Community Choice Aggregator, and am authorized to make this verification on its behalf. The statements in the foregoing APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF 2024-2031 ENERGY EFFICIENCY BUSINESS PLAN AND 2024-2027 ENERGY EFFICIENCY PORTFOLIO PLAN are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 3, 2022, at San Rafael, California.

DocuSigned by:

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Dawn Weisz
Chief Executive Officer