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September 3, 2019

California Public Utilities Commission

Energy Division Tariff Unit

505 Van Ness Ave.

Fourth Floor

DRAFT

San Francisco, CA 94102-3298

# 3C-REN Advice Letter 4-E/3-G

# (CPUC # 220)

## Tier Designation

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

## Subject

3C-REN 2019 Energy Efficiency Annual Budget Advice Letter

## Purpose

The purpose of this Advice Letter is to seek approval for the 2020 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-2), 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 ABAL. 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.

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

### 3C-REN 2020 Budget Request

3C-REN, requests a total portfolio and Evaluation, Measurement and Verification (“EM&V”) budget of $6,334,381. The budget breakdown is reflected in Table 1.

Table 1: 3C-REN 2020 Budget

|  |  |
| --- | --- |
| **Program** | **2020 Budget** |
|  Residential | $ 3,169,197  |
|  Codes and Standards | $ 1,814,620  |
|  WE&T | $ 1,278,805  |
|  **Program Subtotal**  | **$** **6,262,622**  |
|  EM&V (3C-REN only) | $ 71,759  |
| **Total 3C-REN 2020 Spending Budget** |  **$6,334,381**  |

### 3C-REN 2020 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 2020 in TRC, PAC and RIM is also included below.

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



### 3C-REN Portfolio Savings

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

Table 4: Approved Funding Levels for 3C-REN 2018-2025 Business Plan, in thousands



Table 5: Annual Rolling Portfolio Savings Forecast - True-up (Net kWh)



Table 6: Annual Rolling Portfolio Savings Forecast - True-up (Net kW)



Table 7: Annual Rolling Portfolio Savings Forecast - True-up (therms)



Table 8: Authorized PA Budgets for 2018-2025

### Sector-Level Metrics

The 3C-REN does not have metrics modifications for program year 2020.

### 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 designed to fill gaps in current IOU offerings for the 3C-REN territory, as the region is far removed from IOU training & resources hubs and experiences significant market confusion. 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 confusion due to different programs, requirements and providers. The 3C-REN program will deliver a direct install (DI) program that targets hard-to-reach (HTR) residential customers, including single family and multifamily, 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 program will provide energy and behavior change education, installation of simple energy saving measures to build customers trust and interest and deliver a pathway to deeper savings by offering co-pay options for more substantial upgrades. 3C-REN will partner with local non-profits (e.g. Community Action Partnerships, or CAPs), who currently deliver the Energy Savings Assistance (ESA), Middle Income Direct Install (MIDI), and Low-Income Home Energy Assistance Programs (LIHEAP) to leverage their experience and infrastructure to provide 3C-REN program services to a broader audience than they currently serve.

Qualifying customers will receive an in-home visit from a trained assessor who will collect information on the home, provide consumer educationand install DI measures.  Education will focus on behavioral changes and easy actions the customer can take to reduce energy use.  The program will employ digital education tools such as energy education videos that customer can watch while DI measures are being installed to reduce time spent in the home.  Assessors will also cross promote utility and third-party energy management tools (e.g. through Green Button) and demand response programs (e.g. SCE Summer Rate Program). Additionally, assessors will provide initial information on co-pay options for more substantial upgrades.

After the initial site visit, an expert Energy Advisor will follow up with the customer to provide more detailed information on bundled measure options. Using the information obtained during the assessor site visit, the Energy Advisor will help customers identify a scope of work, provide technical advice, pricing information, cost benefit analysis and financing options (e.g. Residential Energy Efficiency Loans). Customers interested in making more substantial upgrades will work with the Energy Advisor and the local non-profit 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 local non-profit low-income providers 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 that will result in increased quality assurance. Partnering with local non-profit and low-income service providers 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.

The program budget for 3C-REN RES DI, (TCR-Res-001) shall be $ 3,169,197.

The 3C-REN RES-DI program will target hard-to-reach (HTR) residential customers, including single-family and multifamily, 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, pool pumps, and water heating measures. 3C-REN is finalizing RFP and contract process for a DI installer. 3C-REN engaged IOUs and organizations that contract DI services to identify additional measures beyond those offered by ESA, MIDI, and LIHEAP that have potential to enhance service and savings, as well as overcome any administrative barriers that may inhibit successful delivery. Single measures will be allowed. Savings will be deemed per measure. DI implementation is scheduled to start end of third quarter 2019.

#### 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. The 3C-REN program offers local, person-to-person trainings and mentorship opportunities, as well as counter and on-call expert assistance for codes and standards. In addition to coordinating with the IOUs to leverage existing Statewide C&S resources, for classroom and online trainings, the 3C-REN has a Code Coach offering to run concurrent to and alongside other training efforts.

Building departments in the Central Coast Region will receive building performance support and mentoring for plan review and field compliance. All design-side stakeholders, from the architect to field inspector and from the mechanical engineer to the plan checker, will be encouraged to attend trainings. The Code Coach approach, having local counter-to-counter and on-call experts for the region, will foster an environment where stakeholders have a deeper understanding of building performance and interrelated concerns. The goal is to ensure consistency throughout the Central Coast Region, providing the workforce with a more stable business climate and known code compliance resources.

The program budget for 3C-REN C&S, (TCR-CS-001) shall be $ 1,814,620.

The target audience is all construction design-side stakeholders, including building departments, architects, field inspectors, mechanical engineers, and plan checkers. This is a non-resource program. The Code Coach implementer is scheduled to start end of third quarter 2019.

#### 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 investor-owned utilities[[5]](#footnote-5) (IOU) 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 Central Coast 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 3C-REN territory has two primary needs for training and education in addition to local, in-person mentorship:

* Technical Code Compliance, Home Performance and zero net energy (ZNE);
* “Soft Skills” training for better communications, sales and marketing training and business management.

The 3C-REN leverages established contractor and program relationships to provide technical trainings, Energy Advisor in-field job and installation mentoring, construction firm specific trainings and provide certification opportunities. The 3C-REN’s partnerships and residential Energy Advisor service provide a direct connection to the workforce, leverage and improve the existing labor force and provide apprenticeship-style trainings with real-time experience that business owners value most. This will set up a network of building professionals and connection to the workforce seeking training and career development.

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) $ 1,278,805.

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 seek to serve hard-to-reach customers, who in the past 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 2019 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 2019 annual spending is projected to be below the 2019 ABAL filing. 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.

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 3, 2019. 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.

|  |
| --- |
| Susan HughesSenior Deputy Executive OfficerVentura County800 S. Victoria AvenueVentura, CA 93009Telephone: 805-654-3836Facsimile:  805-654-5106Email: susan.hughes@ventura.org |

**Effective Date**

3C-REN requests that this Tier 2 advice filing become effective on regular notice October 3, 2019, 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.

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

San Luis Obispo County, Santa Barbara County and Ventura County

Attachment

* CEDARS Filing Confirmation

**ATTACHMENT TO 3C-REN ABAL**

**CEDARS Filing Confirmation**

1. See D. 18-05-041 page 58. [↑](#footnote-ref-1)
2. See D.16-08-019 page 10. [↑](#footnote-ref-2)
3. See D. 18-05-041 page 124-127. [↑](#footnote-ref-3)
4. Forecast energy savings (net) calculated using the updated CET which excludes the market effects. [↑](#footnote-ref-4)
5. For the purposes of this ABAL, the IOUs consist of SoCalGas, SCE and PG&E. [↑](#footnote-ref-5)