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October 8, 2020

California Public Utilities Commission  
Attention: Energy Division Tariff Unit  
505 Van Ness Ave.  
Fourth Floor  
San Francisco, CA 94102-3298

**RE: 3C-REN Response to The Public Advocates Office (PAO) and Small Business Utility Advocates (SBUA) Protests of Energy Efficiency Annual Budget Advice Letters for Program Year 2021 (September 1, 2020)**

Dear Energy Division Tariff Unit:

The following is respectfully submitted by the County of Ventura on behalf of the Tri-County Regional Energy Network, Pursuant to General Order 96-B.

**I. Introduction**

The Tri-County Regional Energy Network (3C-REN) is a collaboration among the Counties of Ventura, Santa Barbara, and San Luis Obispo working together to design and deliver a portfolio of regional energy efficiency (EE) programs in the tri-county region. 3C-REN provides equitable access to EE programs for ratepayers in the tri-county region by serving residential customers and building industry professionals, as approved by the California Public Utilities Commission (CPUC or Commission).<sup>1</sup> 3C-REN hereby provides a response to the California Public Advocates Office (PAO) and Small Business Utility Advocates (SBUA) protests' of the 2021 annual budget advice letters (ABALs) referencing 3C-REN AL 6-E/5-G. In summary:

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<sup>1</sup> D.18-05-041, Decision Addressing Energy Efficiency Business Plans, issued June 5, 2018 OP 54 and 56. Budget was approved in 3C-REN AL 2-E/1-G Non Standard Disposition Letter, issued October 31, 2018.

- A. REN budgets should not be reduced as a result of not being cost effective as RENs are not held to a cost-effectiveness standard given the limits on the programs they can deliver.
- B. 3C-REN needs time to demonstrate progress toward increased cost-effectiveness.
- C. 3C-REN agrees with PAO that the Commission should allocate more resources to the residential sector and affirms that RENs are an ideal PA for this activity.
- D. 3C-REN agrees that HTR commercial customers could be better served.

## II. Response

### **A. REN budgets should not be reduced as a result of cost-effectiveness as RENs are not held to a cost-effectiveness standard.**

As stated in PAO’s protest, “Pursuant to D.18-06-041, RENs are not required to meet specific cost-effectiveness thresholds for their portfolios<sup>2</sup>. Furthermore, as stated by PAO “...RENs have smaller portfolios and thus fewer programs that could compensate for lower-performing initiatives.”<sup>3</sup>. As noted in D. 18-05-041, and affirmed in D.19-12-021, the Commission “declined to set a TRC threshold or other particular cost-effectiveness standard that the RENs’ portfolios must meet.”<sup>4</sup> 3C-REN therefore disagrees with PAO’s recommendation for the Commission to reject REN ABALs and reduce spending due to a lack of progress towards cost-effectiveness.

While 3C-REN does consider impacts to cost-effectiveness when making program design and implementation decisions, cost-effectiveness is not the sole criteria with which RENs manage their programs. RENs target Hard-To-Reach (HTR) customers and disadvantaged

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<sup>2</sup> D.18-05-041, pp. 95-96.

<sup>3</sup> PAO’s Protest of Energy Efficiency Annual Budget Advice Letters for Program Year 2021 (Filed September 1, 2020), p. 14.

<sup>4</sup> D.18-05-041, pp.95-96

communities (DACs), which cannot always be served cost-effectively within the current regulatory framework. 3C-REN does “provide value (or the promise of value) to ratepayers in terms of energy savings and/or market transformation results for energy efficiency”<sup>5</sup> and residential program design and implementation works towards increased long-term cost-effectiveness. Building upon existing evaluation metrics, RENs will soon be reporting on specific value metrics to further demonstrate their unique value.

REN programs fill gaps that are not met by other Program Administrators (PAs), including serving the residential sector and targeting HTR and DAC customers within this sector. RENs also support progress towards local and State policy goals. Reaching the State’s energy efficiency, greenhouse gas reduction, resilience and climate action goals in an equitable and just manner requires that all rate payers must be served, not only those who are served most cost effectively under the current TRC framework. The Commission recognized the challenge in achieving cost-effectiveness while filling gaps and serving HTR customers when it declined to impose specific TRC requirements on RENs.

**B. 3C-REN needs time to demonstrate progress towards increased cost-effectiveness.**

The PAO’s comments regarding progress by 3C-REN towards cost-effectiveness are premature. 3C-REN's Home Energy Savings program began implementation in 2020 and has therefore not been in operation long enough to establish a baseline and subsequent years of data on which to evaluate progress towards cost-effectiveness. 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 continue to balance serving target customers and cost-effectiveness to achieve optimal outcomes.

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<sup>5</sup> D.18-05-041, pp .95-96.

The year 2020 will be 3C-REN's first full year of program delivery, with a directive to improve cost-effectiveness, 3C-REN's forecasted energy savings are projected to improve over time. 3C-REN has one resource program, Home Energy Savings, designed to fill gaps in current IOU offerings for the 3C-REN territory, as the region is far removed from IOU implementation efforts. The 3C-REN region is served by three different IOUs – PG&E to the north, SCE to south, SoCalGas in all three counties – with overlapping electrical services in Santa Barbara and Ventura. By establishing a homegrown program operated by local government and local implementers who leverage their relationships with the community, 3C-REN's Home Energy Savings program will serve residents of the tri-county region across PG&E, SCE and SoCalGas territories in a holistic manner. This geographically unified program offering advances REN objectives by producing energy savings, supporting market transformation, promoting decarbonization and targeting underserved HTR customers.

The launch of 3C-REN's Home Energy Savings coincidentally occurred simultaneously with the COVID-19 stay-at-home orders across the state. While this inauspicious timing slowed initial progress, adjustments were quickly implemented to establish a virtual process allowing the program to continue operations. As authorities released safety guidelines and implementers established new protocols, the program expanded upon virtual services to safely deliver in-home services. With increased consumer attention on home energy use as a result of stay-at-home orders, 3C-REN is well-positioned to provide needed energy-saving opportunities to residents of the tri-county region.

**C. 3C-REN agrees with PAO that the Commission should allocate more resources to the residential sector and affirms that RENs are an ideal PA for this activity.**

As stated by PAO “Residential ratepayers are in greater need than ever for effective EE programs that can help alleviate COVID-19-induced financial strain by delivering meaningful energy savings and other benefits. As residential demand for EE programs increases due to financial hardship and increased time spent at home, the PAs should increase spending on cost-

effective residential EE programs.”<sup>6</sup> PAO correctly points out that residential energy use in the three large IOU service territories has increased this year this year<sup>7</sup>. Accompanied by growing unemployment and health concerns disproportionately affecting low-income workers and communities of color, home energy efficiency upgrades that minimize energy use and improve indoor air quality are more valuable than ever, particularly for vulnerable sector population. 3C-REN finds PAO’s suggestion to fully defund 3C-REN residential sector program at odds with its own comment<sup>8</sup> and in conflict with its assertion that residential customers that have been heavily impacted by the COVID-19 pandemic must be served. For these reasons, 3C-REN agrees with PAO that the Commission should allocate more resources to the residential sector and finds PAO’s suggestion to fully defund 3C-REN residential sector program at odds with residential sector needs.

IOUs and CCAs are not able to serve all market segments and customers due to the cost-effectiveness requirement. RENs, as noted, focus on HTR customers and disadvantaged communities. In response to direction to improve cost-effectiveness, IOUs may discontinue residential programs that are not cost-effective but serve HTR customers. RENs are designed to fill these gaps and should not be prevented from continuing to serve those customers. While costlier to reach, these customers are ratepayers who should have access to, be served by, and benefit from EE programs. Without the RENs, these targeted populations would be further underserved, as IOUs are unable or do not intend to serve these ratepayers. RENs are the ideal type of PA to serve the notoriously challenging residential sector, and 3C-REN looks forward to expanding service to this sector through the launch of its multifamily sub program.

3C-REN anticipates the launch of a robust multi-family program which is greatly needed to fill the gap of existing, primarily income-based IOU programs in the region. 3C-REN has identified a significant under-served opportunity in a preliminary market characterization study

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<sup>6</sup> PAO Protest to 2021 ABALs, Page 9.

<sup>7</sup> PAO Protest to 2021 ABALs, Page 6.

<sup>8</sup> PAO’s Protest of Energy Efficiency Annual Budget Advice Letters for Program Year 2021 (Filed September 1, 2020), see section IV. COVID-19 IMPACTS part B starting at p.7.

of the region. Renters are the primary occupants of multifamily housing in the three counties—just over 90% in each county. Over half of renters spend more than 30% of their income on rent indicating excess energy expenses may further deplete already limited discretionary income. The lack of affordable housing development has caused demand to exceed supply which is further putting upward pressure on rent costs. The age of the multifamily building stock reveals the vast majority were constructed prior to or during the early development of the energy code suggesting a high potential for energy efficiency upgrades.

#### **D. 3C-REN agrees that HTR commercial customers could be better served**

As stated in the approved 3C-REN Annual Budget Advice Letter for 2020, 3C-REN's portfolio of energy efficiency programs includes the following sectors: Residential, Codes and Standards, and Workforce Education & Training. 3C-REN is not authorized to serve the Commercial sector at this time. However, as noted in the amended scoping ruling addressing impacts of COVID-19<sup>9</sup>, PAs are expected to submit new business plans in the coming year. As 3C-REN evaluates where it can most effectively serve ratepayers in need, the Commercial sector and HTR customers within it is of interest. 3C-REN appreciates the comments included in the SBUA Protest Letter, which offer valuable insight into the needs of the commercial sector and its HTR customers.

### **III. Conclusion**

3C-REN appreciates the opportunity respond to protests and recommend s the Commission approve 3C-REN 2021 ABAL.

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<sup>9</sup> R. 13-11-005, Assigned Commissioner and Administrative Law Judges' Amended Scoping Ruling Addressing Impacts Of COVID-19 dated 7/3/2020.

Respectfully submitted,

/s/ Alejandra Téllez

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

Dated: October 8th, 2020

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