



EXPANDING CLEAN ENERGY AND CLIMATE CHANGE EFFORTS FOR LOCAL GOVERNMENTS THROUGH REGIONAL ENERGY NETWORKS

IMPORTANCE OF LOCAL GOVERNANCE AND THEIR HISTORY WITH ENERGY EFFICIENCY PROGRAMS

Local governments have been at the forefront of providing energy efficiency programs to their communities, have the most direct connection to residential and business constituencies, and have the most experience with implementing programs and policies at the grass-roots level. In addition, energy programs managed by local governments are designed for maximum efficiency and energy conservation, and the potential to create jobs by leveraging local and regional jobs programs.

Local governments, represented by Regional Energy Networks (RENs) and existing energy partnership infrastructures, are now well positioned to utilize State energy resources more effectively and comprehensively. We recommend that the State:

- 1) Fund existing and new RENs to administer and coordinate other regional, local government energy programs created under California Public Utilities Commission (CPUC), California Energy Commission (CEC), and American Recovery and Reinvestment Act (ARRA) funded programs to provide an efficient vehicle for widespread support of all local governments under Proposition 39 and Cap & Trade revenue funding.
- 2) Utilize the RENs to expand the scope and reach, complement existing resources, and fill technical gaps in existing programs that support local governments.
- 3) Provide up to \$50 million annually to RENs which will ensure State-ordered clean energy program benefits reach all local governments.

FUNDING FOR PROPOSED REGIONAL ENERGY NETWORKS*

STATEWIDE COVERAGE BY RENs	Annual Amount	Status
SoCalREN	\$22 MM	Existing REN under CPUC
BayREN	\$8.5 MM	Existing REN under CPUC
Association of Monterey Bay Area Governments	\$2 MM	Operates existing program and meets CPUC criteria
Redwood Coast Energy Authority and surrounding North Coast region	\$2 MM	Operates existing program and meets CPUC criteria
Sierra Business Council and surrounding areas	\$2 MM	Operates existing program and meets CPUC criteria
San Diego County and surrounding areas;	\$4 MM	Proposed as new REN
Tri-County Central Coast region (Ventura, Santa Barbara, San Luis Obispo)	\$2MM	Proposed as a new REN
San Joaquin Valley areas	\$5 MM	Proposed as a new REN
Sacramento County and surrounding areas;	\$2 MM	Proposed as a new REN

*Consistent with the existing CPUC definition, proposed RENs may need the following adjustments to cover all jurisdictions

- Regions and budgets are intended to serve as an example only and were calculated on a purely per capita basis; actual budgets would be determined by area served on a per capita basis with \$2 MM base level of funding, and will be adjusted to the benefit of smaller regions based upon regional needs.
- Statewide Coordination through LGSEC: \$500,000
- Additional funding could be made available to investor-owned and municipal utilities to serve jurisdictions not covered through a proposed Regional Energy Network

WHY REGIONAL ENERGY NETWORKS

RENS optimally serve the direction of Governor Brown to return more control to the local government level, and allow programs to be developed, managed, and administered by established, functional local government coalitions. The concept of RENS is a well-proven model throughout the country and is now gaining traction in California. REN benefits include:

- Regional programs are a more cost effective model for reaching more jurisdictions (especially smaller cities) because they provide: shared technical resources and staff, as opposed to individual resources; aggregation benefits in pricing and financing; shared technical systems which support widespread public building benchmarking and analysis.
- RENS, utilizing Prop 39 and Cap & Trade funding, will complement existing energy efficiency programs and create a foundation to implement future, additional programs to which the State is committed, including integrated demand side management, zero net energy, green building certification and ratings, comprehensive energy financing products, alternative vehicle infrastructure.
- The CPUC has adopted and funded the REN model in northern and southern California.
- The REN concept has already proven to be effective in serving hard-to-reach regions, such as the Redwood Coast and Sierra Nevada.
- RENS can utilize local government jobs development and training and placement programs to emphasize local job creation. RENS can help mitigate loss of jobs through elimination of Community Redevelopment funds.
- Funds directed to local governments will allow all funds to be placed in the public sector, unlike funds designated for investor-owned utilities, which require the inclusion of profit for these corporations in the form of a return on investment.
- Legislative priorities, such as maximum energy conservation, emissions reductions targets, and economic stimulus, are embedded in the programs of local government networks

BENEFITS AND FUNCTIONS OF A REGIONAL ENERGY NETWORK

Administration and Regional Coordination	<ul style="list-style-type: none"> • Single source of funding administration and management for a broad region • Regional energy network coordinates with all local entities
Regional Strategic Energy Planning	<ul style="list-style-type: none"> • Overall strategic energy planning for region • Linkage to individual jurisdiction climate action plans (greenhouse gas inventories, target reductions, and strategy development) • Progress towards regional ordinance, code, reach code adoption, and enforcement
Financing	<ul style="list-style-type: none"> • Regional financing programs for public and private sector buildings • Leverage multiple financing credit enhancements and benefits (Energy Upgrade California, CAEATFA, Property Assessed Clean Energy, On-Bill)
Building Energy Efficiency Projects Managed at the Regional Level	<ul style="list-style-type: none"> • Municipal building energy retrofits • Centralized procurement and financing • Whole home retrofit program activities • Audits and other project technical support • Project identification and assessment of best available technologies • Behavioral and co-benefits pilots

	<ul style="list-style-type: none"> • Green building programs • Linking energy efficiency to safety/security for large facilities/dense populations • Project pipeline to utility incentives
Marketing and Outreach	<ul style="list-style-type: none"> • Integrated marketing • Broader, consistent marketing reach and messaging
Workforce development	<ul style="list-style-type: none"> • Contractor coordination and training • Leverage city, county, state, other workforce training resources (WIBs, WIAs, apprenticeship programs, and community colleges)

CPUC APPROVES REGIONAL ENERGY NETWORKS

On November 15, 2012, the CPUC in Decision 12-11-015 approved 2013-2014 energy efficiency programs, and approved and funded the Bay Area Regional Network (BayREN) and the Southern California Regional Energy Network (SoCalREN). The BayREN serves the nine-County Association of Bay Area Governments region and the SoCalREN serves the joint, Southern California Edison/Gas Company region, including those municipal utility service territories that are also served by an investor owned utility. Program details for the SoCalREN and BayREN are described later in this paper.

CPUC Definition of a Regional Energy Network

The CPUC provides this description of Regional Energy Networks, which can be adopted for State funding:

- RENs were evaluated and selected by the CPUC instead of by the utilities;
- RENs design and administer their own programs;
- RENs represent several local government entities and not just one or two (cities and/or counties);
- “Similar, common-sense identification of regions could include the Central Valley, the Sierra, the San Joaquin Valley, etc.;”
- A REN should “be able to represent a large group of customers with similar characteristics by geography or demography, at a minimum. A proposal by one or two cities or counties would not necessarily constitute a REN.”
- A single local government (or appropriate non-profit organization, joint powers authority, or council of government¹) within the REN contracts with an IOU to receive the funds and administer the programs throughout the region.

Additional investment using Prop 39 and Cap & Trade funds will fill gaps created by restrictions on the application of funding to current RENs (e.g., current CPUC funding is restricted only to energy efficiency and may not include renewable measures, demand response, energy/water nexus, and zero-net-energy strategies) which support greater integration of all energy measures and increased energy conservation gains and decreased emissions. It will facilitate greater energy efficiency and functionality among public buildings at a lower cost to taxpayers. REN portfolios may further develop to include areas in which local governments have proved particularly effective, e.g., behavioral/cultural transformation and research and trade pilots that expand the menu of energy efficiency co-benefits, both essential to deeper, broader public engagement of energy efficiency retrofits. They could also address stranded projects (Title 24 baselines end up stranding old chillers) and market failures (like small government facilities <10,000 SF). Enhanced funding will support expansion of the model pioneered by the BayREN and the SoCalREN, to create a statewide network and promote uniformity and capacity among local governments in the realm of energy expertise and accomplishment.

¹ Suggested modification to CPUC definition.

RECENT ENERGY ACTIVITIES—THE NEED FOR REGIONAL PROGRAM ACTIVITIES

Local governments have utilized Federal Stimulus funds from the American Recovery and Reinvestment Act (ARRA), Public Goods Charge funds, and their own local resources to implement cutting-edge and community-scale energy and climate action plans. They have also spearheaded the formation of regional and statewide partnerships (such as Energy Upgrade California) that bring together individual cities and counties, Councils of Government, regional government associations, State agencies, investor-owned utilities, municipal utilities, non-profit organizations, and others. The RENs were created to leverage these existing programs and provide a broader framework for supporting the current, local government program infrastructure. Resources from the CPUC, CEC, DOE, Strategic Growth Council, and other sources can be effectively leveraged through these regional energy networks and can assure the most widespread benefit to all local governments. This can be accomplished through a direction of funds by the State to these RENs.

NEWLY APPROVED CPUC REGIONAL ENERGY NETWORKS SCOPE OF WORK

Southern California Regional Energy Network

The Southern California Regional Energy Network (SoCalREN) is a local government regional energy network (REN) pilot project serving public agencies and their constituents in the Southern California Edison (SCE) and Southern California Gas Company (SCG) service territories. Los Angeles County, will act as fiscal agent and contractor, and will lead a governance committee of representatives from the cities and counties served by the SoCalREN (including cities, counties and other selected public agencies in the SCE/SCG service territories). SoCalREN will reach nearly half of the cities in California within all or portions of the following counties: Los Angeles, Orange, Ventura, Santa Barbara, Riverside, San Bernardino, Kern, Tulare, Inyo, Mono (and very small portions of Kings and Fresno).

1. Energy Upgrade California

- Builds on pilot programs launched through ARRA funds
- Expands to entire SCE/SCG territory
- Leverages ratepayer funds with outside grant funds
- Services:
 - Marketing and outreach
 - Green building rating and real estate training
 - Flex Path
 - Contractor training and outreach
 - Multifamily retrofits
 - Smart Tech Path behavior change pilot
 - Community Development/Public Housing upgrades

2. Financing for Energy Project

- Develops and launches regional public agency-led financing for energy projects
- Builds on programs started with ARRA funds
- Loan programs:
 - Regional public building LLR
 - Residential LLR
 - Multifamily LLR
 - Public agency revolving loan fund
 - Non-residential PACE LLR

3. Southern California Regional Energy Center

- Builds on Flight 5.6 funded project



- Offers comprehensive technical support to local governments to achieve deeper and more cost effective energy management practices
- Services:
 - Aggregated regional procurement and contracting
 - Integrated comprehensive retrofits
 - Building energy/resource database - EEMIS software
 - Regional benchmarking and EM&V
 - Supporting local climate action and energy plan implementation
 - Creation of a water/energy nexus energy pilot with water utilities
 - Developing regional energy project tracking and permitting system
 - Developing regional training

Bay Area Regional Energy Network

The BayREN is led by the Association of Bay Area Governments (ABAG) and is comprised of public agencies representing the nine-county Bay Area region². This coalition of governments previously aligned under the launch of Energy Upgrade California™ (funded by the American Reinvestment and Recovery Act, or ARRA) to pilot and refine whole-home upgrade and other programs (e.g., multi-family, financing, PACE, and incentive mechanisms) that are the subject of the CPUC objectives under the Energy Efficiency 2013–2014 Program Cycle. The BayREN will design and implement effective energy savings programs, and draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful regional and local climate, resource, and sustainability programs. As a regional entity capable of uniform, accessible, accountable, and effective programs, BayREN represents 20 percent of the state's population and half of the population of Pacific Gas & Electric Company's (PG&E) service territory. The BayREN will deliver four pilot subprograms under a structure that encourages leveraging of elements across subprograms to increase the uptake of upgrades.

1. Single Family Subprogram

- Builds upon pilot programs launched through ARRA funds
- Focuses pilot programs to increase Energy Upgrade California™ uptake and attract moderate income residents
- Offers outreach to overcome consumer awareness barriers and incentives to reduce cost barriers
- Launches an alternative upgrade package incentive to reduce costs to consumers and align program design with traditional contractor business models
- Integrates referrals to PG&E and other whole-building, green building, and water efficiency programs
- Leverages ratepayer funds with outside grant and alternative funding
- Services:
 - Marketing and outreach (regional and local)
 - Targeted Audit Incentives for completed PG&E Advanced Energy Upgrades
 - Home Upgrade Advisor Program
 - Flex Package Rebate Program
 - Real Estate partnerships and Green Labeling
 - Contractor training, mentoring, and outreach
 - Cross-support in outreach and education from local government programs (e.g., climate action, emissions reductions and air quality, water and resource conservation, sustainable communities, and resiliency)

2. Multi-Family Subprogram

- Targets outreach to multi-family property owners to promote Energy Upgrades

² ABAG's membership includes the Counties of: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.



- Offers comprehensive technical assistance to building owners addressing the multiple benefits of an upgrade and lowering barriers for participation
- Integrates referrals to PG&E and other whole-building, green building, and water efficiency programs
- Leverages ratepayer funds with outside grant and alternative funding
- Services:
 - Bundled Measure Incentive
 - Technical assistance
 - Upgrade approach and measure recommendation
 - Program referral

3. Codes and Standards Subprogram

- Promotes an integrated, measurement-driven management process for enhancing energy code compliance
- Establishes code compliance baselines for jurisdictions in the nine-county Bay Area
- Offers targeted training based upon baselines to institutionalize regular, actionable feedback to local officials
- Services:
 - Compliance baseline and tracking
 - Education and training
 - Policy support and advocacy

4. Financing Portfolio Subprogram

- Develops and launches regional public agency–led financing portfolio
- Offers multiple financing options to assist diverse consumers undertake energy projects
- Loan programs offered³:
 - Single Family Loan Loss Reserve
 - Multi-Family Capital Advance Program
 - Pay-as-You-Save® On-Bill Energy/Water Efficiency Pilots
- Loan programs supported:
 - Commercial PACE (building upon current San Francisco and Sonoma County programs, and eight-county enrollment in CaliforniaFIRST; 5 participating in the First Phase Pilot)

FOR MORE INFORMATION

For more information about this proposal, contact:

Howard Choy, Chair, LGSEC
HChoy@isd.lacounty.gov
323/204-6134

Jody London, Regulatory Consultant, LGSEC
jody_london_consulting@earthlink.net
510-459-0667

³ The Single Family Loan Loss Reserve and Multi-Family Capital Advance Program are reserved until further Commission authorization, following completion of the statewide financing consultant proposals.