

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area

DT: November 5, 2012

TO: ABAG Executive Board

FM: Gerald Lahr, Energy Programs Manager

RE: Update: San Francisco Bay Area Regional Energy Network

Summary: In July ABAG submitted a proposal to the California Public Utilities Commission (CPUC) to implement energy efficiency programs in the ABAG region under a collaborative effort known as the San Francisco Bay Area Regional Energy Network (BayREN). In early October the CPUC issued a Proposed Decision that awards \$26 million to BayREN for the 2013-14 funding cycle. A final decision is expected in November.

Background. For several years ABAG has been a participant in the Local Government Sustainable Energy Coalition (LGSEC)¹ which has advocated to the CPUC that local governments be given more responsibility and authority over public funds set aside for energy efficiency programs. (Traditionally these funds have been administered by investor owned utilities such as Pacific Gas & Electric Company (PG&E).) In early May the CPUC issued a guidance decision covering energy efficiency programs for the 2013-14 period, and included in this decision an order that allowed local governments to submit proposals to the CPUC for regional energy pilots during this program cycle.²

As reported to the Executive Board in July, ABAG subsequently convened a steering committee of local government agency staff representing the nine Bay Area counties³, as follows:

- Alameda County Waste Management Authority (StopWaste.Org)
- City and County of San Francisco
- City of Suisun City (Representing Solano County)
- County of Contra Costa
- County of Marin
- County of Napa
- County of San Mateo
- County of Santa Clara
- Sonoma County Regional Climate Protection Authority

¹ The LGSEC is a statewide membership organization of cities, counties, special districts, councils of government, and non-profit organizations that support government entities. A list of members can be found at www.lgsec.org.

² CPUC Decision 12-05-015.

³ ABAG is also coordinating with the Southern California REN (SoCalREN) lead by LA County.

Mailing Address: P.O. Box 2050 Oakland, California 94604-2050 (510) 464-7900 Fax:
(510) 464-8468 info@abag.ca.gov Joseph P. Bort MetroCenter 101 Eighth Street
Oakland, California 94607-4756

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This group agreed to submit a collaborative proposal for a San Francisco Bay Area Regional Energy Network with ABAG as the lead agency. On July 16th ABAG submitted a \$41 million proposal to implement the BayREN which included the following primary program elements:

- Energy Efficiency Retrofits for Single Family Residential
- Energy Efficiency Retrofits for Multi-family Residential
- Promotion of Energy Efficiency Codes and Standards
- Financing Programs that Promote Energy Efficiency Projects

Also in July, the ABAG Executive Board approved a resolution supporting the creation of the BayREN and the submittal of the proposal to the CPUC.

In early October the CPUC issued a Proposed Decision (PD) that recommends an award of \$26 million for implementation of the BayREN during calendar years 2013-2014. This PD is now open for public comment, with a final decision expected in November.

Attachment: (A) BayREN Proposal Summary

cc: Ezra Rapport, Executive Director

ATTACHMENT I

San Francisco Bay Area Regional Energy Network

Pilot Project Executive Summary

August 2012

What is the Bay Area Regional Energy Network (BayREN)?

A regional energy network (REN) led by the Association of Bay Area Governments (ABAG) and composed of public agencies representing the nine-county region¹ (the BayREN). 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 California Public Utilities Commission (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 the Pacific Gas & Electric Company's (PG&E) service territory.

Why is it needed?

- Bay Area local governments have aggressive climate, energy, and resource savings goals that only can be met through scalable regional initiatives that deliver results. BayREN provides an effective platform for local government energy programs to leverage and benefit from regional consistency, scale, and awareness.
- Proposed BayREN energy savings programs complement and supplement established core programs of existing PG&E local government partnerships (LGP), commonly referred to as Energy Watch Programs. A number of Energy Watch Programs within the region serve utility programs and address the priorities of local elected officials. The BayREN provides the regional infrastructure needed for efficient delivery throughout the Bay Area of programs of universal application and need. This model of Energy Watch and BayREN programs aligns programs with the local and regional application that ensures the best opportunity of success for all.
- Achieves greater energy savings by leveraging local government's knowledge of their community and the existing relationships with their constituents and key stakeholders.
- Leverages resources and relationships available through local government to build market demand for energy efficiency services in service of State energy goals.

¹ ABAG's county membership includes: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties.

- Carries forward key programs refined during ARRA for rapid deployment of programs under the 2013–2014 Energy Efficiency Cycle.
- Promotes enhanced awareness and more uniform penetration of key energy efficiency programs and mechanisms.
- Builds energy efficiency expertise and experience of local governments against local, county, regional, and state boundaries

What will the pilot do?

- Access untapped markets by harnessing the collective power of local government action
- Provide a one-stop shop for local governments to implement large scale, cross-sector, and fuel neutral energy management strategies
- Develop local government expertise and energy management capabilities for sustained long term success
- Provide for local government access to data necessary to greater expansion of high-performance, cost-effective programs (currently constrained or unavailable)
- Build on programs launched through ARRA funds and leverage ratepayer funds with outside grant funds
- Deliver four pilot subprograms (**\$41.6 million total**) under a structure that encourages leveraging of elements across sub-programs to increase uptake of upgrades:

Single Family Subprogram: \$18.00 million

- Builds upon pilot programs launched through ARRA funds
- Focuses pilot programs to increase Energy Upgrade 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
 - 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).

Multi-Family Subprogram: \$9.73 million

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

Codes and Standard Subprogram: \$3.35 million

- 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

Financing Portfolio Subprogram: \$10.52 million

- Develops and launches regional public agency–led financing portfolio
- Provides incentives prudently scaled to drive conversion rates as well as depth and longevity of energy upgrades
- Offers multiple financing options to assist diverse consumers undertake energy projects
- Loan programs:
 - Single Family Loan Loss Reserve
 - Multi-Family Capital Advance Program
 - Commercial PACE (building upon current San Francisco and Sonoma County programs, and Eight-County enrollment in CaliforniaFIRST (5 participating in the First Phase Pilot))
 - Pay-as-You-Save® On-Bill Energy/Water Efficiency Pilots

When will the pilot be implemented?

January 2013 through December 2014, Energy Efficiency Transition Cycle

Who will lead the pilot?

The Association of Bay Area Governments, acting as fiscal agent and contractor, will lead a governance committee of representatives from the counties served by the BayREN (the Steering Committee). In order to enhance the flexibility and responsiveness of the BayREN to its members and constituents, the Steering Committee has elected four of its members to serve on a Technical Executive Committee. Both Committees also serve as program and information sharing conduits between the BayREN and regional Energy Watch Programs.

Who will be served?

Cities, counties, and other selected public agencies and Districts in the PG&E service territory. BayREN will reach 101 California cities in the following counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.

What is the proposed budget?

Program Year	2013	2014	Total
Single-Family	\$5,617,256	\$12,382,744	\$18,000,000
Multi-Family	\$3,410,000	\$6,315,000	\$9,725,000
Codes and Standards	\$1,791,821	\$1,557,179	\$3,349,000
Financing	\$4,073,310	\$6,450,440	\$10,523,750

Sourced from funds allocated to IOUs by the CPUC to support RENs, including unspent, reallocated, or other non-LGP/Energy Watch funds currently under administration by PG&E.

What are the projected outcomes?

Projected Savings by Subprogram	kWh	kW	therms
Single-Family	4,048,898	5,968	932,179
Multi-Family	3,900,677	2,759	183,160
Codes and Standards	7,630,000	950	190,000
Financing	TBD	TBD	TBD
Total	15,579,575	9,677	1,305,339

In addition:

- Approximately 6,000 single-family units will undergo multi-measure energy upgrades.
- 6,000 multi-family units will undergo multi-measure energy upgrades.
- 550 building professionals will be trained.
- 1,650 local government building department employees will be trained.
- \$24,400,000 will be provided through financing mechanisms to support energy upgrades.

What is its projected cost effectiveness?

Subprogram	TRC	PAC
Single-Family	0.51	1.18
Multi-Family	0.85	1.43
Codes and Standards	1.05	3.96
Overall Program with Financing Amortized	0.52	1.02

What are the benefits of the pilot?

In addition to achieving cost effective, and greater and deeper energy savings that complement the work of PG&E LGP/Energy Watch Programs, the BayREN subprograms will:

- Have a greater reach and consistency than PG&E programs alone
- Increase participation in the PG&E WHUP offering across socio-economic consumer bases
- Enhance PG&E single-measure and multi-family rebate programs through targeted outreach and technical support
- Leverage local governments' unique position to improve code compliance and provide "reach codes"
- Include water efficiency measures that reduce energy use and address the water-energy nexus
- Provide financing programs to increase property owner uptake of upgrades
- Leverage outside funding resources
- Implement innovative workforce training initiatives for building professionals and code officials
- Utilize emerging technologies