



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Community Services
Department No.: 057
For Agenda Of: March 12, 2019
Placement: Administrative
Estimated Tme:
Continued Item:
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director
Director(s) (805) 568-2467
Contact Info: Ashley Watkins, Sustainability Co-Division Chief
(805) 568-3514

SUBJECT: 2019-2025 Tri-County Regional Energy Network (3C-REN) Memorandum of Agreement

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Risk:

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the 2019-2025 Tri-County Regional Energy Network (3C-REN) Memorandum of Agreement Between the County of Ventura and Santa Barbara County and San Luis Obispo County and;
- B. Determine that the recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), as the actions are the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

On October 18, 2016, the Board directed staff to pursue participation in a Regional Energy Network (REN) to obtain funding from the California Public Utilities Commission (PUC) to develop and implement energy efficiency programs. After a lengthy regulatory approval process, the PUC officially approved formation of the Tri-County Regional Energy Network (3C-REN) along with requested funding on October 4, 2018. Ventura County is the administrative lead for 3C-REN. The goal of 3C-REN is to implement regional energy programs that will reduce energy use and assist with meeting the goals of local climate action plans. 3C-REN energy efficiency programs are due to launch in mid-to-late 2019. Program approved by the PUC include: 1) Residential Direct Install Program, 2) Workforce, Education and Training Program and 3) Codes and Standards Program.

This item is on the agenda in order to request Board approval of the 2019-2025 Tri-County Regional Energy Network (3C-REN) Memorandum of Agreement (hereafter called “MOA”) (Attachment 1), which will allow Ventura County to pass through PUC funding to the Counties of Santa Barbara and San Luis Obispo. Approval of this contract will generate \$4,383,396 in funding for Santa Barbara County. Staff recommends Board approval of this item to help meet Energy and Climate Action Plan (ECAP) goals and to continue to offer externally funded energy efficiency programming.

Background:

History of Tri-County Collaboration

The Counties of Santa Barbara, San Luis Obispo and Ventura have been working together since July 2014 to provide residential energy efficiency financing and outreach services via the emPower Central Coast Program (emPower) with ratepayer funding received from Investor Owned Utilities (IOUs). In ongoing discussions with the IOUs, they made it known that they intended to defund certain key energy efficiency programs, including the emPower program, thereby leaving large gaps in energy programming for the tri-county region.

In anticipation of emPower being defunded by the IOUs, staff began investigating other funding opportunities that would allow for the continuation of energy efficiency program for the region. In October 2016, the PUC provided an opportunity for local governments to submit business plans to receive ratepayer funding through a construct known as a Regional Energy Network (REN), whereby local governments are considered “Program Administrators” for certain types of energy efficiency programs. RENs report directly to the PUC rather than to the IOUs. This provides RENs with the ability to design programs and make budget decisions without approval of the IOUs.

Pathway to PUC Approval and Funding

On October 18, 2016, the Board directed staff to work with Ventura and San Luis Obispo Counties to submit a REN business plan with Ventura County as the lead. On January 23, 2017, the County of Ventura, on behalf of all three counties, filed the Tri-County Regional Energy Network (3C-REN) Business Plan with the PUC to obtain funding and allow for improved locally administered energy efficiency programs through 2025. Subsequently, staff participated in the extremely intensive PUC regulatory process required to justify creation of 3C-REN and gain approval of the business plan including multiple public comment periods and stakeholder engagement activities.

On May 31, 2018, in PUC Decision 18-05-041, the PUC approved 3C-REN as one of only three RENs operating in the state and also approved the 3C-REN Business Plan. Staff then began working on the development of more detailed implementation plans required by the PUC before final funding could be approved. On October 4, 2018, 3C-REN was approved to receive \$49,506,299 in ratepayer funding from the PUC to administer energy efficiency programs in the tri-county region through 2025.

3C-REN Structure and Programs

Ventura County is the administrative lead for 3C-REN and is responsible for coordinating regulatory activities including communication with the PUC, compliance with reporting requirements and fiscal administration such as providing incentives, invoicing and execution of fiscal agreements with most subcontractors. Santa Barbara and San Luis Obispo County will support those activities as needed and will develop and implement energy efficiency programming approved by the PUC. Southern California Gas Company, on behalf of Pacific Gas & Electric and Southern California Edison, will act as the pass through fiscal agent for PUC funds. The IOUs will contract directly with Ventura County (Attachments 2 and 3) for that purpose. However, 3C-REN reports directly to the PUC, and 3C-REN activities are outside the purview of the IOUs.

The goal of 3C-REN is to implement regional energy programs that will reduce energy use and assist with meeting the goals of local climate action plans. 3C-REN seeks to best utilize ratepayer dollars to meet the needs of local residents, building departments, and building professionals. 3C-REN energy efficiency programs are due to launch in mid-to-late 2019. Programs approved by the PUC include:

Residential Direct Install (RES-DI) Program

The RES-DI Program will deliver free or copay direct install (DI) measures to residential customers who are considered hard-to-reach by the PUC. The hard-to-reach designation applies to renters, owners of single-family properties who are non-English speakers, all multifamily properties, and those in disadvantaged communities. The program will utilize local non-profit energy efficiency service providers (e.g. Community Action Partnerships), 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 and provide program services to a broader audience than they currently serve. Free DI measures would include items such as LED lighting and smart thermostats. Copay measures will be offered to the customer at cost, with an instant discount (incentive) available up to an incentive cap. Copay options will be available for more expensive upgrades such as insulation or water heaters.

Workforce Education and Training (WE&T) Program

The WE&T Program is designed to leverage existing statewide resources and curriculum, expand and build local partnerships with regional educational providers, and facilitate the connection between a robust regional workforce and state energy efficiency goals. It will offer career pathways and enrichment by providing access to in-person trainings, mentorship opportunities, and cross promotion of IOU workforce trainings. The WE&T Program will provide program specific training for engaged local building professionals to help ensure quality work, greater energy savings, and compliance with codes and standards. The WE&T Program is designed with an emphasis on residential building retrofits but will also serve to educate builders on code requirements and provide some commercially focused training.

Codes and Standards (C&S) Program

The C&S Program will offer local governments and local building professionals access to the resources needed for enforcing and complying with the California Building Energy Efficiency Code (Title 24), including best practice guides, checklists, policy support, targeted training, and on-site support. It will also offer on-call expert assistance through a “Code Coach” service.

Fiscal and Facilities Impacts:

Budgeted: Yes

Approval of this contract will generate \$4,383,396 in funding for Santa Barbara County that will be used towards the development and implementation of programs that will help meet the energy efficiency goals outlined in the County’s ECAP.

Fiscal Analysis:

BUDGET	2019	2020	2021	2022	2023	2024	2025
Santa Barbara							
Labor Expenses	\$330,308	\$344,326	\$361,552	\$380,327	\$575,215	\$607,834	\$607,834
Implementation Expenses	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000
ME&O Expenses	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Total SB County	\$498,308	\$512,326	\$529,552	\$548,327	\$743,215	\$775,834	\$775,834

Staffing Impacts:

3C-REN funding will help retain existing staff that were previously funded through the emPower Program. 3C-REN funding will cover approximately two FTE from 2019-2022 and three FTE from 2023-2025 for additional programming and increases in demand for program services.

Special Instructions:

Please send two copies of the signed Amendment with wet signatures and the minute order to Ashley Watkins.

Attachments:

- Attachment 1: 3C-REN MOA
- Attachment 2: IOU Funding Agreement
- Attachment 3: IOU Funding Agreement Exhibit Packet

Authored by:

Ashley Watkins, Sustainability Co-Division Chief