

# Association of Bay Area Governments

## Executive Board

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May 18, 2023

Agenda Item 11.a.

Local Government Services

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### Subject:

Authorization to amend a Bay Area Regional Energy Network (BayREN) funding agreement with Pacific Gas and Electric Company (PG&E) in an amount not to exceed \$157,085,114 for services for BayREN implementation through December 31, 2027, and Update on BayREN Current and Future Programs

### Background:

Since 2013, the Bay Area Regional Energy Network (BayREN) has implemented a portfolio of energy efficiency programs across the region. The Association of Bay Area Governments (ABAG) serves as the program administrator and lead agency for a 10-member unincorporated association of local government entities. BayREN's programs:

- Build the green workforce.
- Advance the state's goals of:
  - doubling energy efficiency in existing buildings by 2030.
  - reducing emissions from existing buildings by at least 40 percent below 1990 levels by 2030.
  - Achieving 100 percent renewable and zero-carbon retail electricity and becoming entirely carbon neutral by 2045.
- Aid in building local capacity and serving the unique needs of each jurisdiction's residents and businesses.

On May 20, 2021, the California Public Utilities Commission (CPUC) issued Decision (D.) 21-05-031 which among other things, directed energy efficiency program administrators (PAs) by March 4, 2022, to file a strategic business plan to cover an eight-year period (2024-2031), and a four-year program portfolio (2024-2027) containing detailed sector and program strategies.<sup>1</sup>

BayREN's filing requested \$157,085,114 for the four-year portfolio period – and \$328,776,923 for the full eight-year strategic plan period – to continue operating its six existing, successful programs and launch four new programs to fill gaps in energy efficiency services, pilot innovative programs, and serve hard-to-reach (HTR) customers.<sup>2</sup> These ten programs span four customer market segments: Residential, Commercial, Public, and Cross-cutting.<sup>3</sup> The CPUC required PAs to categorize programs by market segments according to the following:

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<sup>1</sup> <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M385/K864/385864616.PDF>

<sup>2</sup> These amounts exclude CPUC EM&V for the four- and eight-year periods (\$4,691,523 and \$5,127,768, respectively). BayREN's total requests, including CPUC EM&V, were \$161,776,637 and \$338,596,214.

<sup>3</sup> Cross-cutting programs are defined as involving multiple customer types (residential and nonresidential) and/or multiple building types (retrofit, remodeling, and/or new construction).

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- **Resource acquisition** programs with a primary purpose of, and a short-term ability, to deliver cost-effective avoided cost benefits to the electricity and natural gas systems.
- **Market support** programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.
- **Equity** programs with a primary purpose of providing energy efficiency to HTR or underserved customers and disadvantaged communities in advancement of the Commission's Environmental and Social Justice Action Plan.

Over the course of the four-year portfolio period, nearly two-thirds of BayREN's budget is dedicated to the Equity Segment (62%); the remainder of BayREN's proposed budget is dedicated to: Market Support (17%), Resource Acquisition (12%), Codes and Standards (5%) and Evaluation, Measurement, and Verification (4%). A summary of the proposed programs, budgets, and sectors is attached to this report.

BayREN's distribution of budget between portfolio segments reflects the following evolutions in our programming:

1. A greater focus on equity.
2. Increased support for local governments based on local needs.
3. Timely response to quickly evolving Bay Area and state policy trends and goals regarding building electrification and climate resilience.

These enhancements in our approach and program offerings reflect our commitment to engaging with and listening to our stakeholders and effectively partnering with other regional agencies and our seven Bay Area community choice aggregators (CCAs) to efficiently leverage resources and best serve the local governments, businesses, and residents in our 109 Bay Area cities and nine counties.

Pacific Gas and Electric Company (PG&E) – as directed by the CPUC – is the fiscal agent for BayREN. The CPUC has allowed PG&E and BayREN to negotiate contract terms independent of the CPUC. ABAG and PG&E currently have a contract for funding through December 2023. The overall BayREN budget is developed each calendar year and the contracts have historically been amended on an annual basis or as needed.

#### Issues:

None

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#### Recommended Action:

The Executive Board is requested to authorize the Executive Director of the Metropolitan Transportation Commission, or his designee, on behalf of the Association of Bay Area Governments and the Bay Area Regional Energy Network, to amend a funding agreement with Pacific Gas and Electric Company in an amount not to exceed \$157,085,114, for a total contracted amount of \$257,297,636, to provide services for BayREN implementation through December 31, 2027.

#### Attachment:

- A. Summary Approval PG&E BayREN Funding Agreement Amendment
- B. BayREN Business Plan Presentation

#### Reviewed:



Andrew Fremier

Sector	BayREN Program	Market Segment	REN Activity	Existing or New	Portfolio Plan Budget 2024-2027	Strategic Plan Budget 2024-2031
Resource Acquisition	BayREN Business	Commercial	Gap Filling, HTR	Existing	\$18,952,573	\$39,726,102
Market Support	Green Labeling	Residential	Gap Filling, Pilot	Existing	\$7,385,951	\$15,424,618
Market Support	Integrated Energy Services	Public	Gap Filling	New	\$4,228,707	\$8,760,637
Market Support	Targeted Decarbonization Services	Public	Gap Filling	New	\$6,386,843	\$15,079,827
Market Support	Water Upgrades Save	Cross-cutting	Gap Filling, Pilot, HTR	Existing	\$8,434,138	\$17,665,037
Equity	Single Family (Home+)	Residential	Gap Filling, HTR	Existing	\$35,272,751	\$72,642,901
Equity	Bay Area Multifamily Building Enhancements	Residential	Gap Filling, Pilot, HTR	Existing	\$35,177,735	\$72,447,287
Equity	BayREN Refrigerant Replacement	Commercial	Gap Filling, HTR	New	\$18,499,160	\$38,801,416
Equity	Climate Careers	Cross-cutting	Gap Filling	New	\$12,812,556	\$27,535,903
-	Codes and Standards	Cross-cutting	Gap Filling, HTR	Existing	\$8,155,157	\$16,968,637
-	Evaluation, Measurement, and Verification	-	-	Existing	\$1,779,543	\$3,724,558
					\$157,085,114	\$328,776,923