



**LOCAL GOVERNMENT  
SUSTAINABLE  
ENERGY COALITION**

# **AT THE TABLE: LOCAL GOVERNMENTS' ROLE IN ENERGY REGULATION**

**Thursday, September 22, 2022**

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# PROGRAM

- Introduction
- Audience Poll
- About LGSEC
- Regulatory Primer - *Steven Moss*
- Member Spotlights
  - City of Santa Barbara - *Alelia Parenteau*
  - Regional Energy Networks (RENs) - *Jenny Berg*
- Proceeding Overview - *Steven Moss*
- Activity & Discussion



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# AUDIENCE POLLS

## WHOVA APP

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Download the  
Whova App!



**CCEC Event Code:**  
**jm32i4kma8**



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ASSOCIATION OF  
MONTEREY BAY AREA  
GOVERNMENTS



California Center for  
Sustainable Communities



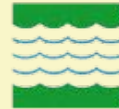
Center for  
Sustainable  
Energy™



City of  
**Santa  
Monica**



Sonoma  
Water



SOUTH BAY CITIES  
COUNCIL OF GOVERNMENTS



the Energy  
Coalition



smarter  
grid solutions





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# ABOUT LGSEC

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## Mission

LGSEC advances local government leadership on clean energy and climate resilience through regulatory action, policies, and programs.



## Vision

Local governments are a leading and innovative force in achieving energy and climate goals to create resilient and environmentally responsible communities across California.

Shape the  
Regulatory Agenda



Connect Local  
Energy Leaders



Catalyze  
Innovation



Develop Long Term  
Strategies





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# Our Values

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## 2022-2023 POLICY PLATFORM

To promote opportunities for local governments and ensure an equitable transition, LGSEC will focus its 2022-2023 policy work in the following areas:

- Building and Transportation Decarbonization
- Decentralized and Resilient Energy Systems
- Funding, Financing, and Affordability

## Lasting Impacts That Transform the Energy Landscape

*LGSEC created and has secured nearly \$800 million in funding for...*

- Local Government Partnerships
- Regional Energy Networks
- Statewide energy data platform



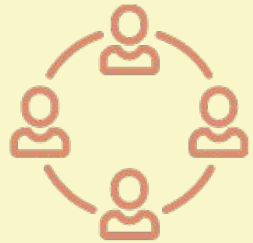


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# GET INVOLVED

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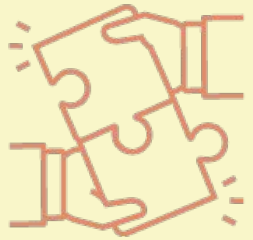
## BECOME A MEMBER

Represent your community's climate & energy goals to state regulatory agencies!

*Available to Local Governments (cities, counties), Council of Governments, Non-profits, Community Based Organizations (CBOs), Academia, and Local Educational Agencies (LEAs)*

### *LGSEC supports our members by....*

- Shaping statewide energy policy and funding
- Sharing technical expertise and best practices
- Providing members frequent regulatory updates through webinars, calls and newsletters
- Convening forums for networking and education
- Providing an online resource for members to share information resources



## BECOME AN INDUSTRY PARTNER

Support the work of local climate & energy practitioners to decarbonize California!

*Available to for-profit companies looking to engage with California local governments and LGSEC members*

### *Industry Partner Benefits*

- Select your preferred level of engagement
- Attend LGSEC Member-Only Forums for free
- Get access to our public network of 1,900 local sustainability practitioners
- ...& much more!



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# REGULATORY PRIMER

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**Steven Moss**

**LGSEC Regulatory Consultant  
& Partner**  
*M.Cubed*





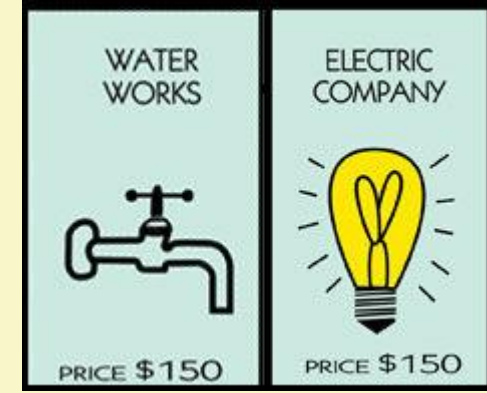
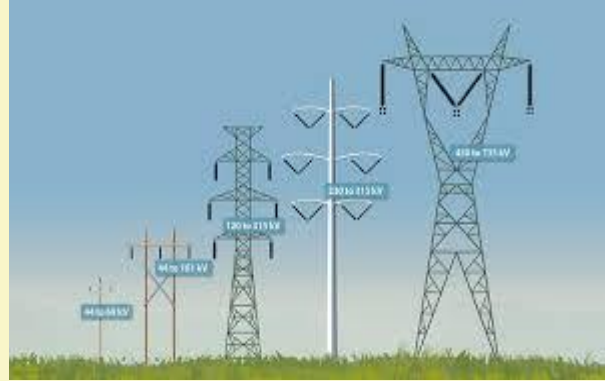


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# Monopoly Utilities Emerged From Industrial Age

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California Gas and Electric, Oakland Gas and Light, United Gas and Electric, San Francisco Gas and Electric, many, many more...

=



# Laws Created to Manage Monopolies

## *Laws Begat Regulations*

**Laws** are legislatively-adopted and enacted policies and requirements.

**Regulations** are issued by departments and agencies as part of processes to interpret, monitor and enforce laws.

Two main state energy regulators:

**California Public Utilities Commission (CPUC)** regulates privately (investor) owned public utilities (IOUs), including electricity, natural gas, telecommunications, and water companies. CPUC's authority is embedded in the state constitution.

**California Energy Commission (CEC)** functions as an energy policy and planning agency, with principal responsibility over implementing the Renewables Portfolio Standard, appliance and building energy efficiency codes and standards, and power plant sitings.



# IOUs and Local Government Responsibilities Increasingly Overlap

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energy efficiency



ides



 Sonoma  
Clean Power

 Los Angeles  
Department of  
Water & Power



# Regulatory Actions Impact LG's Ability to do Their Job

## *State Depends on LGs to Reach its Goals*

- **Climate Action Plans:** dependent in part on greenhouse gas emission data “owned” by IOUs which CPUC can order be released to LGs.
- **Natural Gas Phase-Outs:** (Decarbonization/Electrification): cost and access implications largely determined by CPUC actions related to the electricity and natural gas systems, and CEC/CPUC support of electrification.
- **Building Codes and Standards:** framed by CEC action, or inaction.
- **Public Sector Energy-Related Operating Costs:** influenced by CPUC policies associated with rates, net energy metering, solar aggregation, and microgrids.
- **Emergency Preparedness and Response:** impacted by wildfire management, access to cooling centers, rate affordability, and success at addressing climate change.
- **Energy Efficiency programs:** paid for under CPUC aegis through ratepayer dollars.
- **Electric Vehicle Charging:** non-Tesla siting largely determined by CPUC-directed IOU investments.
- **Energy Innovation:** often CEC-funded, with lots of CPUC rate pilots.



# Regulatory Engagement Quasi-Judicial

## *Say Something Once, Then Say it Again*

## California Public Utilities Commission (CPUC)

Governed by *Rules of Practice and Procedure* California Code of Regulations Title 20, Division 1, Chapter 1  
Proceedings fall into three categories:

- Rate-setting establish or investigate revenue requirements and/or rates that utilities charge customers.
- Quasi-Legislative create policies or rules affecting regulated entities.
- Adjudicatory investigate possible violations of state law or CPUC orders or rules.

Applications submitted by IOUs to secure approval for proposals and expenditures; Rulings created by Commission to change policies.

Stakeholders can attempt to influence regulatory outcomes by participating in

- As a party in a proceeding, which may include evidentiary hearings. Generally, the Commission decisions are limited to consideration of what's been formally placed on the record.
- Informally at public forums, also called Public Participation Hearings, to opine about a proceeding.
- As a party or participant in full panel or *En Banc* hearings, at which a majority of the five CPUC Commissioners are present.
- As a party or participant in workshops, where technical issues of a proceeding are analyzed.

Commissioners also hold *ex parte* meetings, essentially formal lobbying opportunities.



# Regulatory Engagement Quasi-Judicial

## *Say Something Once, Then Say it Again*

### California Energy Commission (CEC)

Similar to CPUC, with somewhat looser vibe.

Informal: Stakeholders can participate in meetings, workshops and hearings and provide oral or written comments, which are considered part of the record. They don't have the weight of formal evidence and aren't sufficient to support an Energy Commission decision.

Formal: Intervenors can testify at formal hearings, present evidence and witnesses, and cross-examine other witnesses. Since testimony is given under oath, it is afforded more weight than public comments when facts are being considered.



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# MEMBER SPOTLIGHTS



**Alelia Parenteau**

Acting Sustainability and Resilience Director  
*City of Santa Barbara*



**Jenny Berg**

Director, Energy Programs  
*Bay Area Regional Energy Network (BayREN)*



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# CITY OF SANTA BARBARA

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## Alelia Parenteau

Acting Sustainability and  
Resilience Director  
*City of Santa Barbara*







**SUSTAINABILITY & RESILIENCE DEPARTMENT**

# **HOW LGSEC HELPED MAXIMIZE THE SANTA BARBARA ENERGY PROGRAM**

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Alelia Parenteau – Acting Sustainability & Resilience Director

# History of the City of Santa Barbara's Energy Program





# The Energy Program by the Numbers

2009

- One staff member (little experience)
- \$3M operating budget
- Focus: cost savings/kWh savings

2022

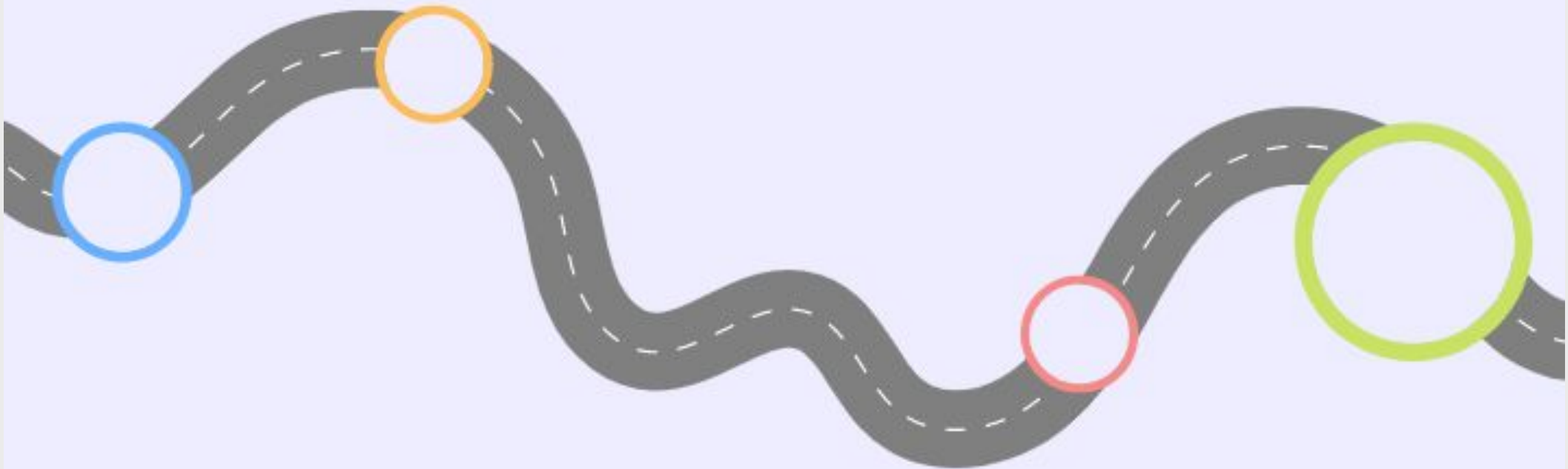
- New division in new department
- Five full time staff members (plus hourly and consultants)
- \$35M operating budget
- Focus: Carbon Neutrality

How did LGSEC helped us get from

here

to

here?



2009 - 1 staff  
person

- In facing -  
Muni loads only
- EE heavy
- Some energy  
mgmt

## Gaps filled by LGSEC in Early Years

- **Capacity**
- Regulatory education/report out
- Lobbying
- Best practices sharing
- Exposure to information/latest trends in EE
- High value network

## 2017 - 100% Renewable Electricity goal

City Council sets 100%  
renewable electricity,  
shifting focus

# Gaps filled by LGSEC Today

- All the same as before plus so much more!
- Participation in Reg. Proceedings
- Leverage technical and regulatory expertise
- Best practices sharing – programs, customer behaviors
- Peer to peer discussions/learning
- High value network

# Summary of Benefits of LGSEC

- Maximizes our team's output
- Allows us to undertake innovative and bold challenges
- Leaves complex regulatory engagement to experts
- We learn from an extensive network of practitioners
- Leverages the experience and activities of others





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# REGIONAL ENERGY NETWORKS

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## Jenny Berg

Director, Energy Programs  
*Bay Area Regional Energy  
Network (BayREN)*





Local Governments Empowering Our Communities



# LGSEC IMPACT: REGIONAL ENERGY NETWORKS

Jenny Berg, Energy Section Director

September 22, 2022



Commitment  
to communities,  
innovation &  
*climate* change

## What is a REN?

- Program Administrator of Energy Efficiency Programs funded by ratepayers
- CPUC approves budgets and programs, IOU serves as a fiscal agent
- Collaboration of local governments in a geographic area with regional control over program design and delivery
- Serves unique needs of geography and demographics

## California's Regional Energy Networks



## RENs Today

- Represent all but 11 California counties
- Over \$68 million collective annual budget in 2022
- Programs achieve energy savings, GHG reductions and fill gaps in the market

# How did RENs start?

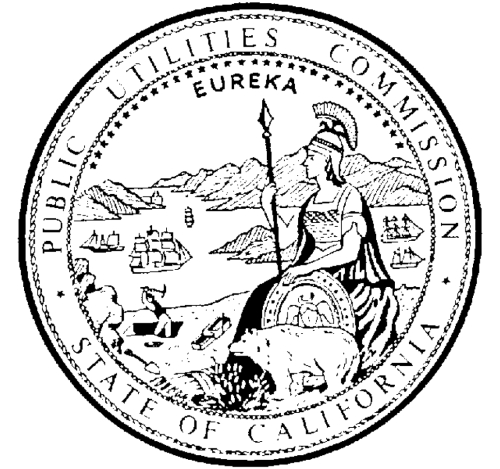


- **ARRA – Collaborations of LGs applied for and received funding for single family retrofit program (EUC)**
  - Built motion off of LGSEC advocacy (since 2008) about the advantage of regional collaboration among LGs to increase participation in EE and climate related activities to advance local and state goals
- **LGSEC asked the CPUC to approve the concept of Regional Energy Networks (RENs) to provide a:**
  - “One stop shop” for LGs to implement cross-sector energy management strategies
  - Access untapped markets to drive greater reductions in energy use
  - Create jobs, and invest ratepayer funds for energy management benefits in local communities
  - Complement existing utility programs and better serve unique energy needs in a region



# The REN Beginnings (CPUC)

- **CPUC** invited proposals from RENs for EE funds independent of IOUs
- **2012: Two RENs approved:** BayREN (ABAG) and SoCalREN (LA County) as pilots
  - Funding (ratepayer) for 2013-14
  - Limited to “Hard to Reach”; filling gaps; pilot activities that can scale
  - Not held to a cost-effectiveness (CE) standard
  - IOU fiscal agent only
  - RENs are *not* LGPs
  - Approved as of January 1, 2013
  - RENs have same compliance obligations as IOUs



Compares benefits (in energy savings) and costs to help judge whether program is successful

**BAYREN**

# RENs Are Here to Stay!

**D.19  
-12-  
021**

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RENs no longer pilot: “they are a reality within the landscape of the Commission’s energy efficiency policy”

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“RENS have the unique opportunity to leverage not only multiple local government entities into a single delivery channel, but they also may be able to utilize funding from multiple sources to deliver more comprehensive and holistic programs, especially to hard-to-reach customers.”

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REN program criteria expanded to ensure that activities compliment both IOU and CCA programs

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Confirmed not held to cost effectiveness standard due to size of portfolios and markets served

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# Energy Program Landscape – Bay Area Example

## INVESTOR-OWNED UTILITIES (IOUS)

- Provide natural gas and electric services to the Bay Area and beyond (16 Million customers)
- Manage the delivery of energy to buildings including:
  - Sourcing
  - Transmission
  - Distribution
- Provide resources, rebates, and programs to reduce energy bills, traditionally for lower-income and income-qualified customers



## COMMUNITY CHOICE AGGREGATION (CCAs)

- Provide local governments with ability to procure power and offer cleaner energy options to customers
- Source clean energy and work with IOUs to deliver it
- Provide building and transportation electrification programs and incentives for solar and battery backup systems for residents and businesses

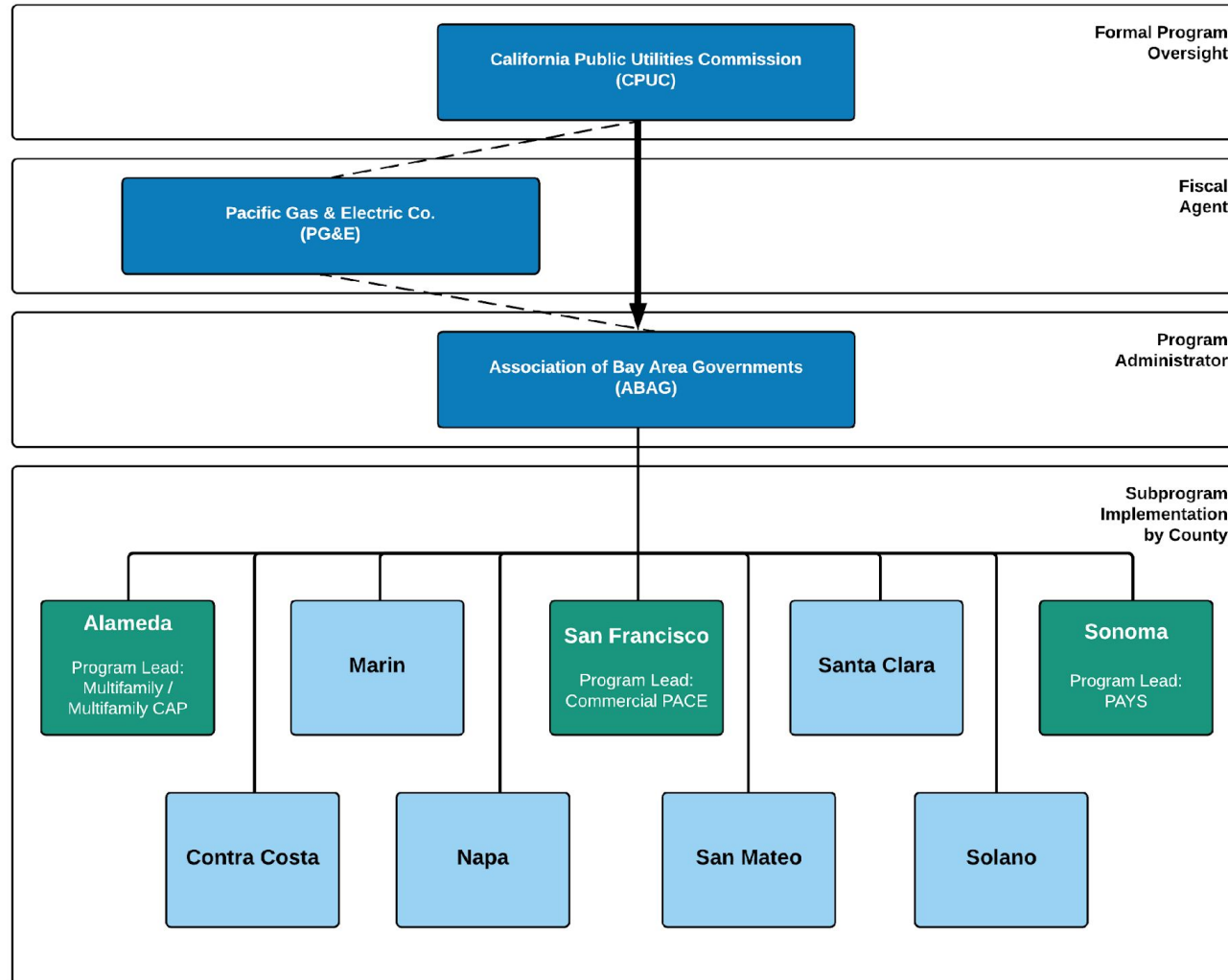


## REGIONAL ENERGY NETWORKS

- Regional networks focused on filling gaps in EE market, scaling innovative solutions and reaching hard-to-reach populations
- Represent and serve local communities and local governments in their region
- Provide programs, rebates and incentives to increase EE and advance building electrification



# REN Structure, ex BayREN





# REN Structure – ex SoCalREN Advisory Committee



## Overarching Advisory Committee

- Administered by the County of Los Angeles and made up of representatives from 14 local Governments and local government organizations across SoCalREN territory.

## The role of the Advisory Committee

- Guide, collaborate and be an advocate to enhance the presence of SoCalREN within their communities.
- SoCalREN Regional Partners include established regional groups that support customized engagement and messaging within their geographic region of influence.
- The goal of Regional Partners is to expand SoCalREN program reach and leverage long-standing, trusted partners to encourage participation among the under-resourced communities they represent.

## Successful Structure

- As a peer driven-organization where public agencies learn from one another, RENs brings special expertise and relationships with customers that IOU administrators do not possess. RENs successfully complement and supplement the activities of other program administrators offering EE services within the same territory.

# What is the REN Promise?

- **RENs Understand Regional Needs and Fill Gaps**
  - Third party programs (3PPs) are not adequately serving all communities and their energy efficiency needs
  - RENs are growing and adapting to meet these gaps in 3PP programs
- **RENs Serve “hard-to-reach” Communities**
  - RENs can serve ratepayers that are not “attractive” to other PAs and their implementers
- **RENs Provide a More Holistic Solution for Customers**
  - RENs can build on other PA programs to augment and supplement, not duplicate
  - RENs can deliver a better EE product and better EE outcomes than the IOUs to meet community energy needs



# Questions?

Jenny Berg (BayREN)

[jberg@bayareametro.gov](mailto:jberg@bayareametro.gov)

Alejandra Tellez (3C-REN)

[Alejandra.Tellez@ventura.org](mailto:Alejandra.Tellez@ventura.org)

Lujuana Medina (SoCalREN)

[Lmedina@isd.lacounty.gov](mailto:Lmedina@isd.lacounty.gov)

Benjamin Druyon (IREN)

[bdruyon@wrcog.us](mailto:bdruyon@wrcog.us)

Courtney Kalashian (RuralREN)

[Ckalashian@pesc.com](mailto:Ckalashian@pesc.com)



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# PROCEEDING OVERVIEW

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**Steven Moss**

**LGSEC Regulatory Consultant  
& Partner**  
*M.Cubed*







# LGSEC Engages in or Monitors Numerous Proceedings

## Industry Restructuring

- R.21-06-017, High **Distributed Energy Resources** Future.
- Order Instituting Rulemaking to Advance **Demand Flexibility** Through **Electric Rates**

## Affordability

- R.18-07-006, Order Instituting Rulemaking to Establish a Framework and Processes for Assessing the **Affordability** of Utility Service.
- R.20-08-022, Order Instituting Rulemaking to Investigate and Design **Clean Energy Financing** Options for Electricity and Natural Gas Customers.

# LGSEC Engages in or Monitors Numerous Proceedings

## Energy Efficiency/Decarbonization/Electrification

- R.13-11-005, Order Instituting Rulemaking Concerning **Energy Efficiency** Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues
- A.21-12-009, Application of Southern California Edison Company (U 338-E) for Approval for Its **Building Electrification** Programs
- R.20-08-020, Order Instituting Rulemaking to Revisit **Net Energy Metering** Tariffs Pursuant to Decision 16-01-044, and to Address Other Issues Related to Net Energy Metering.
- R.18-12-006, **Transportation Electrification** Framework

## Reliability

- R.19-09-009, Order Instituting Rulemaking Regarding **Microgrids** Pursuant to Senate Bill 1339 and Resiliency Strategies
- **Public Safety Power Shutoffs**

# Political Economy of Energy is Shifting, with Unclear Consequences

Under California's climate aspirations electricity use could jump by upwards of 68 percent by 2045.

Rough sizes in terms of in-state revenues:

Petroleum sector:	\$56.5 billion
Agriculture:	\$49 billion
<u>Energy sector (combined):</u>	<u>\$39.9 billion</u>
SCE:	\$14.9 billion
PG&E:	\$21.6 billion
SDG&E:	\$3.4 billion



Electricity provision more consolidated than even petroleum, with monopoly protections, and idiosyncratic policy oversight.



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