

Local Energy Resources Network



Meeting 39
March 11, 2025



Welcome!

Purpose

Interactive 1-hour meetings designed to be a regular space where local governments - and those who work with them - can help each other learn about (and possibly inform) available opportunities to advance their energy and climate goals.

TODAY'S AGENDA

- Opportunity Roundtable
- Featured speakers on ***Energy Affordability and the State's EE Budget***
- Likely to extend to 12:15pm



Opportunity Roundtable

Need/Have Board

View all Opportunities

Policy Drives Investment



Agencies Scope/ Design Assistance Programs & Gather Input



Applicants Apply to Funding Solicitation

State

- FY 21-22 Budget (\$15B climate resilience)
- FY 22-23 Budget (\$38.8B climate change)
- FY 23-24 Budget
- FY 24-25 Budget - May revise
- State agency proceedings
- EO on Energy Affordability
- GGRF CCI Reauthorization
- SB 864 Polluters Pay Climate Superfund Act
- Proposition 4 Climate Bond
- Governor's 2025-2026 State Budget
- (highlights)

Federal

- Infrastructure Investment and Jobs Act (IIJA) (2021) = \$47B in climate resilience funding
- FY 22-23 Budget (\$44.9B climate change)
- Inflation Reduction Act (IRA) (2022)
- Biden's Proposed FY 23-24 Budget (\$52.2B climate change)
- Trump Transition

Funding

- Robert Wood Johnson Found.: Local Data for Equitable Communities Grants Call for Proposals - March 18, 2025
- Climate Resilience Fund: Climate Smart Communities Initiative - **March 21, 2025**
- **GO-Biz: California Regional Investment Initiative (RII) Implementation Phase: Round 1** - pre app March 26, 2025
- CEC: FAST 2.0 Fast Available Charging for All Californians - March 31, 2025
- **FEMA: Building Resilient Infrastructure and Communities (BRIC) - April 18, 2025 - missing, rescinded?**
- CalFIRE: Business and Workforce Development Grant - April 25, 2025
- CEC: Rural Electric Vehicle Charging 2.0 (REV 2.0) - May 23, 2025, webinar March 12, 2025
- USDA: Community Facilities Program Disaster Repair Grants - Available Until Funds are depleted
- State Water Resources Control Board - Clean Water State Revolving Fund Water/ Energy Audit - Rolling
- DOE: Technical Assistance for the Adoption of Building Energy Codes - Rolling
- CCEJ: Thriving Communities Grant (Region 9 Subawards) - Rolling

Other Assistance

- CEC: HEEHRA Phase I Program - stackable SF/MF rebates (up to \$8,000) - **PAUSED**
- **Center for Sustainable Energy: Fast Charge California Project 1** - July 8, 2025 (first come, first-served)
- Federal Energy and Climate Funding Updates and Resources

Input Opportunities

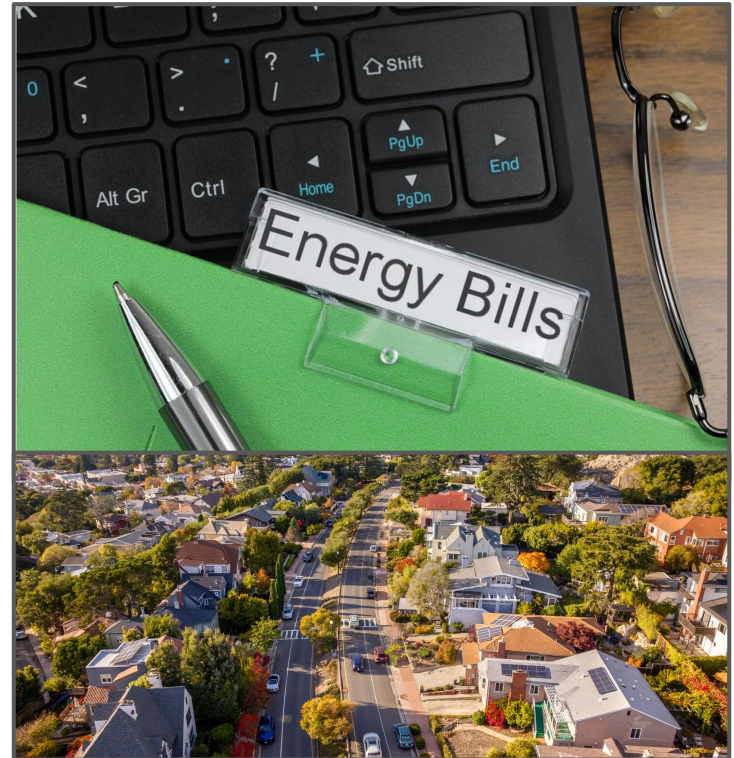
- **San Diego Catalyst Convening** - March 25, 2025
- **LA area Catalyst Convening** - March 26, 2026
- Prop 4 survey and workshops (pending)
- Solar for All workshops (pending)



Featured Discussion - Energy Affordability & EE

SPEAKERS

- 📢 Joe Desmond, California Efficiency + Demand Management Council
- 📢 Chris Read, City of San Luis Obispo
- 📢 Marc Costa, The Energy Coalition/LGSEC
- 📢 Casey Daily, Western Riverside COG/I-REN
- 📢 Steve Frisch, Sierra Business Council/Northern Rural Energy Network
- 📢 Patrick Welch, San Diego Community Power





Featured Discussion - Energy Affordability & EE



*Please add questions
in the chat*

Executive Director
California Efficiency and Demand Management Council (CEDMC)

Joe Desmond



Energy Efficiency at Risk in California

Joe Desmond
Executive Director
March 11, 2025

Energy Efficiency and Electrification Work Together

In this 2023 report, *CLEAN ENERGY NOW FOR A SAFER CLIMATE FUTURE: PATHWAYS TO NET ZERO IN THE UNITED STATES BY 2050*, five strategies are put forth: Clean Power, Energy Efficiency, Electrification, Natural Carbon Solutions, and Decarbonized Fuels.

The authors point out that Energy Efficiency can alleviate the costs and pressures of increasing electricity demand.

- EE allows products to deliver the same services while using less energy.
- EE measures—such as leveraging efficient designs, technologies, and materials—can drive down the energy footprint of buildings, vehicles, and industry without compromising services, performance, or production.
- Electrification should be paired with ambitious EE investments to mitigate the costs and challenges of building new electricity infrastructure.

Strategic Recommendation for Policy Makers:

Invest in energy efficiency to the maximum extent possible. Implement and strengthen energy efficiency resource standards (EERS) and energy efficiency programs. Support innovation that continues to push the bounds of energy efficiency improvements available to appliances and EVs.

Incentivize demand reductions and flexibility. Energy efficiency can also take the form of demand reduction: Implement smart utility rate designs that can reduce energy demand during peak hours. Reduce EV-miles traveled by expanding bike, pedestrian, and transit infrastructure. Disincentivize the overproduction of fossil fuel-derived goods, such as plastics and hazardous chemicals, to avoid demand for new fossil fuel infrastructure.

CPUC Releases Response to Gov. Newsom's Executive Order N-5-24.

On February 18, the California Public Utility Commission (CPUC) released its response to Governor Newsom's Executive Order N-5-24. The Governor's Executive Order sets forth an imperative to mitigate the rising costs of electricity service in California.

The CPUC identifies three areas that present opportunities to control costs and reduce electricity bills: first, identifying opportunities to control utility spending growth; second, identifying any opportunities for cost-sharing; and third, implementing equitable rates to recover approved costs for wildfire mitigation, public purpose programs, and the fixed costs of the grid.

Link: [CPUC Response to Executive Order N-5-24](#)

Section 1 - Response to Executive Order Request to Review Programs

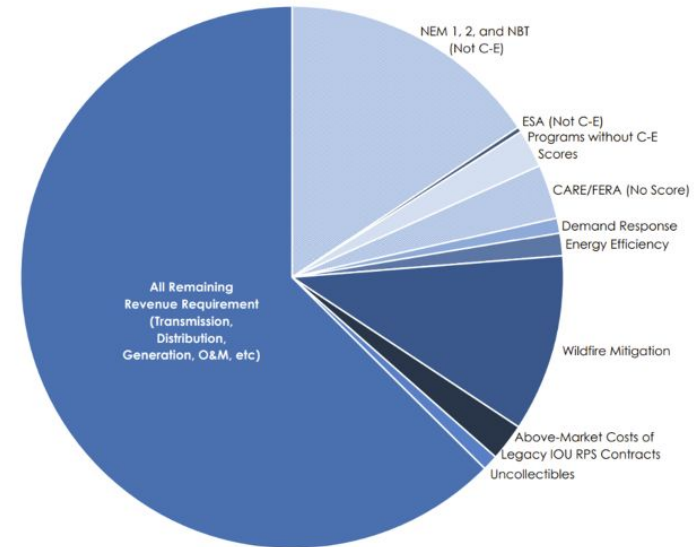
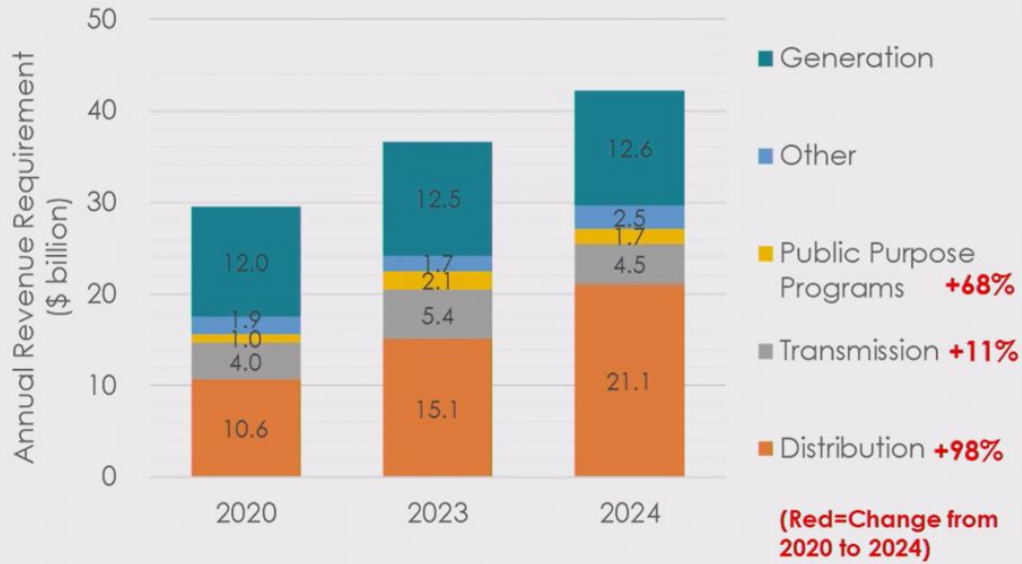


Figure 3 shows the contribution to rates of programs funded through electric IOU revenues. Note that this figure conflates the cost shifting (indicated by textured wedges) visualized in Figure 2 with direct costs like the expense of purchasing energy from biomass incinerators in the BioMAT and

Grid investments have rapidly increased in recent years

What are customer bills paying for?

Combined revenue requirement (PG&E, SCE, SDG&E)



Notable Cost Drivers

- Wildfire-related expenses
- Distribution and transmission maintenance & upgrades
- Rooftop solar incentives

Phase Out Ratepayer Funding of Programs that are Not Cost-Effective

Many programs funded through utility bills cost more than the benefits they deliver and fail to meaningfully reduce utility operating expenses.

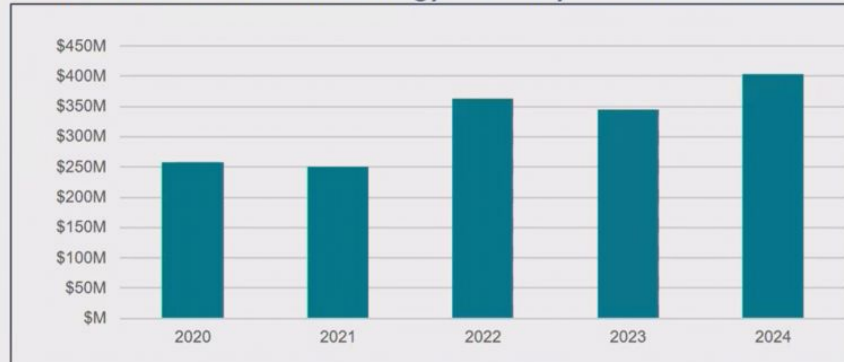
Eliminate Ratepayer Funding of Non-Cost-Effective Programs

Sunset programs that do not provide safe, reliable service or do not deliver measurable energy savings.

Cap Energy Efficiency Budgets at 2020 Levels

Despite increasing investment, many programs funded today are not cost-effective and do not primarily focus on cutting energy usage.

Growth of Non-Cost-Effective Energy Efficiency Over the Last Five Years



PAO: Over 200 Programs Not Cost-Effective

Energy Efficiency

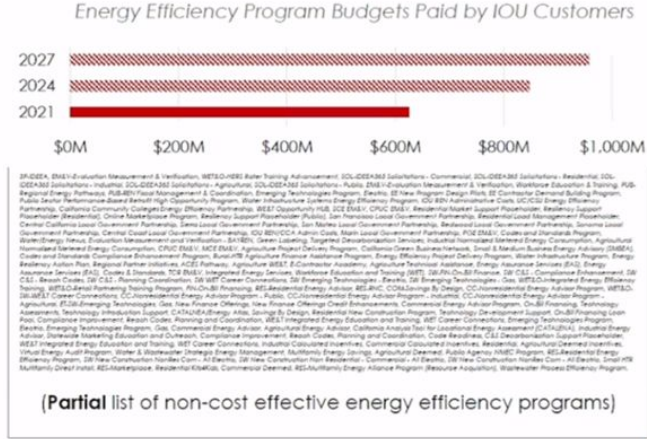
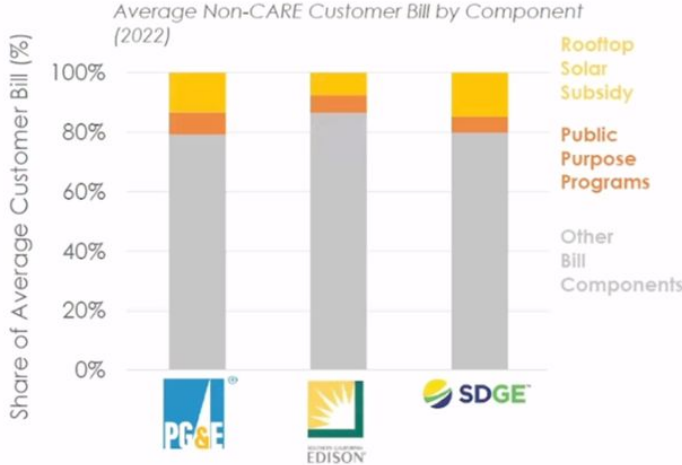
“So, let's move on to lever three. This has to do with phasing out ratepayer funding of programs that do not provide benefits above and beyond what the programs cost. In other words, they're not cost-effective. Unfortunately, many energy efficiency programs fit into this category. To be clear, energy efficiency is a very important measure and should continue to be pursued. But many energy efficiency programs currently funded by rate payers do not directly relate to providing safe and reliable service, nor do they advance energy efficiency.

There are over 200 of these programs that are not cost-effective or are not required to be cost-effective. So, at minimum, there should be a sunset date placed on the funding for these programs. And we certainly should avoid establishing new programs that are not cost-effective or have no cost-effective requirements. We also suggest setting a budget cap for energy efficiency programs at 2020 levels. This would provide immediate reductions to customers of over \$390 million in 2025.”

Utility spending is not the only driver of increases

Reason 1. Subsidies are driving rates up faster than how much utilities can collect alone

Reason 2. Bills pay hundreds of millions for non-cost effective programs each year



Source: California Public Utilities Commission. Recreated from data in 2023 Senate Bill 695 Report: Report to the Governor and Legislature on Actions to Limit Utility Cost and Rate Increases Pursuant to PUC Code Section 913.1. (Rooftop Solar Subsidy "Cost Shift"), Public Advocates Office analysis, including proposed program budgets [energy efficiency programs]



3P-IDEAA, EM&V-Evaluation Measurement & Verification, WET&O-HERS Rater Training Advancement, SOL-IDEAA365 Solicitations - Commercial, SOL-IDEAA365 Solicitations - Residential, SOL-IDEAA365 Solicitations - Industrial, SOL-IDEAA365 Solicitations - Agricultural, SOL-IDEAA365 Solicitations - Public, EM&V-Evaluation Measurement & Verification, Workforce Education & Training, PUB-Regional Energy Pathways, PUB-REN Fiscal Management & Coordination, Emerging Technologies Program, Electric, EE New Program Design Pilots, EE Contractor Demand Building Program, Public Sector Performance-Based Retrofit High Opportunity Program, Water Infrastructure Systems Energy Efficiency Program, IOU REN Administrative Costs, UC/CSU Energy Efficiency Partnership, California Community Colleges Energy Efficiency Partnership, WE&T Opportunity HUB, SCE EM&V, CPUC EM&V, Residential Market Support Placeholder, Resiliency Support Placeholder (Residential), Online Marketplace Program, Resiliency Support Placeholder (Public), San Francisco Local Government Partnership, Residential Load Management Placeholder, Central California Local Government Partnership, Sierra Local Government Partnership, San Mateo Local Government Partnership, Redwood Local Government Partnership, Sonoma Local Government Partnership, Central Coast Local Government Partnership, IOU REN/CCA Admin Costs, Marin Local Government Partnership, PGE EM&V, Codes and Standards Program, Water/Energy Nexus, Evaluation Measurement and Verification - BAYREN, Green Labeling, Targeted Decarbonization Services, Industrial Normalized Metered Energy Consumption, Agricultural Normalized Metered Energy Consumption, CPUC EM&V, MCE EM&V, Agriculture Project Delivery Program, California Green Business Network, Small & Medium Business Energy Advisory (SMBEA), Codes and Standards Compliance Enhancement Program, Rural-HTR Agriculture Finance Assistance Program, Energy Efficiency Project Delivery Program, Water Infrastructure Program, Energy Resiliency Action Plan, Regional Partner Initiatives, ACES Pathway, Agriculture WE&T, E-Contractor Academy, Agriculture Technical Assistance, Energy Assurance Services (EAS), Energy Assurance Services (EAS), Codes & Standards, TCR EM&V, Integrated Energy Services, Workforce Education and Training (WET), SW-FIN-On-Bill Finance, SW C&S - Compliance Enhancement, SW C&S - Reach Codes, SW C&S - Planning Coordination, SW WET Career Connections, SW Emerging Technologies - Electric, SW Emerging Technologies - Gas, WET&O-Integrated Energy Efficiency Training, WET&O-Retail Partnering Training Program, FIN-On-Bill Financing, RES-Residential Energy Advisor, RES-RNC, COM-Savings By Design, CC-Nonresidential Energy Advisor Program, WET&O-SW-WE&T Career Connections, CC-Nonresidential Energy Advisor Program - Public, CC-Nonresidential Energy Advisor Program - Industrial, CC-Nonresidential Energy Advisor Program - Agricultural, ET-SW-Emerging Technologies, Gas, New Finance Offerings, New Finance Offerings Credit Enhancements, Commercial Energy Advisor Program, On-Bill Financing, Technology Assessments, Technology Introduction Support, CATALNEA/Energy Atlas, Savings By Design, Residential New Construction Program, Technology Development Support, On-Bill Financing Loan Pool, Compliance Improvement, Reach Codes, Planning and Coordination, WE&T Integrated Energy Education and Training, WET Career Connections, Emerging Technologies Program, Electric, Emerging Technologies Program, Gas, Commercial Energy Advisor, Agricultural Energy Advisor, California Analysis Tool for Locational Energy Assessment (CATALENA), Industrial Energy Advisor, Statewide Marketing Education and Outreach, Compliance Improvement, Reach Codes, Planning and Coordination, Code Readiness, C&S Decarbonization Support Placeholder, WE&T Integrated Energy Education and Training, WET Career Connections, Industrial Calculated Incentives, Commercial Calculated Incentives, Residential, Agricultural Deemed Incentives, Virtual Energy Audit Program, Water & Wastewater Strategic Energy Management, Multifamily Energy Savings, Agricultural Deemed, Public Agency NMEC Program, RES-Residential Energy Efficiency Program, SW New Construction NonRes Com - All Electric, SW New Construction Non Residential - Commercial - All Electric, SW New Construction NonRes Com - All Electric, Small HTR Multifamily Direct Install, RES-Marketplace, Residential Kits4Kids, Commercial Deemed, RES-Multifamily Energy Alliance Program (Resource Acquisition), Wastewater Process Efficiency Program.

•(Partial list of non-cost effective energy efficiency programs)

Almost all of the programs listed as 'non-cost effective energy efficiency programs' by the PAO are not resource acquisition EE programs.

For example, the list includes NMEC, which is a pay-for- performance program which poses no risk to ratepayers, worker training programs that are designed to support electrification, codes and standards programs, EM&V required by the CPUC, targeted decarbonization programs, on-bill financing, residential new construction, California Analysis Tool for Locational Energy Assessment (CATALENA) - a tool supporting distributional equity analysis that was transferred to the CEC in 2023, technical services in support of decarb, equity and education, and local governments, to highlight just a few.

NOTICE OF EX PARTE COMMUNICATION OF THE PUBLIC ADVOCATES OFFICE with Commissioners

The representatives for Cal Advocates discussed issues across Energy Efficiency and Energy Savings Assistance programs. More specifically, Cal Advocates discussed with the Commissioners:

- The currently authorized budgets for non-cost-effective spending across Energy Efficiency and Energy Savings Assistance budget cycles.
- The performance and costs of Regional Energy Networks.
- Competition and overlap between Energy Efficiency, Energy Savings Assistance, and equity programs for low-income customers.
- The need to reduce redundant spending, establish consistent performance standards, and integrate and optimize programs to achieve significant cost savings for ratepayers.

PAO Slide - 2024

NOTICE OF EX PARTE COMMUNICATION OF THE PUBLIC ADVOCATES OFFICE (Cont.)

Table 1: Total EE Portfolio Budget, Program Years 2024-2027¹

| PY 2024-2027 Budget | IOUs | CCAs | RENs | Total |
|---|------------------|-----------------|----------------|------------------|
| Cost-Effective | \$ 1,302M | \$ 38.8M | \$ 2M | \$ 1,342M |
| Non-Cost Effective | \$ 1,301M | \$ 49.4M | \$ 558M | \$ 1,909M |
| Total | \$ 2,603M | \$ 88.2M | \$ 560M | \$ 3,251M |
| Percentage of Budget Approved for Non Cost- Effective Programs | 50% | 56% | 99.6% | 59% |



Recent studies are beginning to yield meaningful insights into how residential customers will evaluate electrification opportunities.

Income-qualified and Clean Energy Programs Workshop, Nov. 9, 2023

Areas of priority - Takeaways:

Consistency in determining bill impacts across programs.

Importance of leveraging remediation funding to expand program opportunities.

The importance of targeting to reach the right customers.

Improved collaboration between programs to minimize customer communications and confusion.

Identifying the appropriate metric(s), given the differing goals across programs.

Improving property owner engagement.

SPOC/Coaching. The single point of contact approach and structure has been proven valuable for program leveraging with multifamily property owners.

Early education opportunities/financial literacy.

- Source: [Income-Qualified and Clean Energy Programs Workshop: November 9, 2023](#)



Results from the CPUC-authorized Pulse Check Survey

Table 29 Ways Respondents Monitor Their Home Energy Usage

| | Overall | Utility | | | Housing Type | | Income Status | | Program Participation | |
|---|---------|--------------------|------------------|--------------------|-------------------|-----------------|---------------------|------------------|-----------------------|---------------------|
| | | SDG&E (a) | PG&E (b) | SCE (c) | Single family (d) | Mobile home (e) | Moderate Income (h) | Market Rate (i) | Participant (p) | Non-participant (q) |
| n | 924 | 315 | 309 | 300 | 833 | 91 | 316 | 429 | 238 | 686 |
| Monthly energy bills | 86% | 83% | 84% | 89% ^{a b} | 86% | 86% | 87% | 86% | 84% | 87% |
| Online real time utility accounts | 18% | 27% ^{b c} | 19% | 15% | 19% | 13% | 16% | 21% ^h | 28% ^q | 15% |
| Other web-based tools provided by utility | 14% | 19% ^c | 14% | 13% | 14% | 15% | 14% | 16% | 21% ^q | 12% |
| Other management or monitoring systems | 15% | 19% ^c | 17% ^c | 9% | 15% ^e | 8% | 11% | 18% ^h | 24% ^q | 11% |
| Other | 3% | 3% | 4% | 4% | 3% | 7% | 4% | 3% | 4% | 3% |
| Don't know | <1% | <1% | <1% | 2% ^{a b} | <1% | 2% | <1% | <1% | <1% | 1% |

Note: a/b/c/d/e/h/i/p/q indicates significant differences at a 90% confidence level and 0.10 alpha between the following tests: abc, de, hi, pq; A/B/C/D/E/H/I/P/Q indicates significant differences at a 90% confidence level and 0.01 alpha between the following tests: ABC, DE, HI, PQ

Note: Chi-squared tests revealed a significant relationship between this question and the listed subsegments; however, measures of effect size were not calculated

Pulse Check Survey Question: How are you tracking your home's energy usage? (Multiple responses permitted)

“contrary to what PAs and implementers mentioned during their interviews, most customers do track their households’ energy usage (95%) primarily by reviewing their monthly energy bill and make changes as a direct response to tracking their homes’ energy usage (79%); approximately 21% of respondents reported they did not make any changes as a direct response to tracking their home’s energy usage. Results were similar across utility, housing type, income, and IOL sponsored program participation subsegments.”



Discussion and Questions

Thank You!

Please contact us if you have any questions.

Joe Desmond – jdesmond@cedmc.org

www.cedmc.org



CPUC Response to Executive Order N-5-24 Additional Slides



CPUC response to Executive Order N-5-24

- On 2/18, the CPUC issued its [Response](#) to [Executive Order N-5-24](#) which was signed by Governor Newsom on 10/30/24 addressing the state's energy affordability crisis. The EO:
 - Requests CPUC identify underperforming programs and return any unused energy program funds to customers receiving electric and gas service from IOUs
 - Requests CPUC evaluate whether its rules and orders may be unduly adding to electric rates or whose funding might more appropriately come from a source other than ratepayers
 - Requests CPUC pursue, and direct IOUs to pursue, all federal funding opportunities that can help reduce electric rates
 - Directs CEC to identify underperforming programs and whether any unused funds can be returned to ratepayers
 - Directs CARB to work with the CPUC to determine ways to maximize the California Climate Credit
 - Directs Office of Energy Infrastructure Safety and requests CPUC evaluate utility wildfire safety oversight practices and ensure that utility investments and activities are focused on cost-effective wildfire mitigation measures



CPUC response to Executive Order N-5-24 (cont.)

- Key strategies that address costs to save ratepayers money
 - **All energy-related mandates should be assessed for overall cost-effectiveness with the goal of achieving the lowest possible rates for all customers of each utility**
 - Supplement essential wildfire mitigation programs and extreme weather-related catastrophic event response costs with other sources of funding
 - Identify cost-reduction measures by integrating wildfire mitigation strategies into the existing General Rate Case process
 - **Equitable rate structures: Refine the elements of Net Energy Metering so that all customers share wildfire mitigation, public purpose programs and system costs**
 - **Redistribute the Climate Credit to customers most impacted by increasing electricity costs**
 - **Fund today's and future cost-shifting programs from non-ratepayer sources**
 - **Ensure that programs benefitting all electric customers are supported by all customers, including customers of publicly-owned utilities**



CPUC response to Executive Order N-5-24 (cont.)

- Detailed response summary
 - Program review
 - Fund the NEM and NBT cost shift from non-ratepayer sources
 - Reduce the NEM and NBT cost shift
 - Shorten legacy periods
 - Tie compensation for excess generation from PV systems to rates in effect when NEM customers interconnected
 - Establish a grid benefits charge for NEM and NBT customers
 - Tying legacy periods to the customer, not the system
 - Use stable non-ratepayer funds to increase the CARE and FERA discount
 - Fund other programs from a non-ratepayer source
 - Fund any future cost-shifting programs from non-ratepayer sources
 - Use existing review process of utility spending
 - In a program benefits all electric customers, all electric customers should contribute
 - Prioritize the needs of ratepayers



CPUC response to Executive Order N-5-24 (cont.)

- Detailed response summary (cont.)
 - Ways to improve the effectiveness of the California Climate Credit
 - Allocate the Climate Credit to all customers who receive the CARE benefit and to customers without rooftop solar who are paying for those who have it
 - Pay the Climate Credit as a volumetric electricity rate reduction
 - Ways to reduce wildfire mitigation costs
 - Fund these investments from non-ratepayer sources
 - Improve transparency and coordination of cost approval processes, undergrounding, and fuel treatment efforts
 - Amend the PUC to require utilities to integrate wildfire mitigation costs into the GRC instead of a stand-alone activity to allow greater oversight of costs
 - Pursuing Federal funding opportunities
 - Resolution E-5254 approved to support IOU efforts to pursue Federal funding opportunities
 - IOUs have received multiple letters from President Reynolds directing them to pursue all available funding opportunities



Featured Discussion - Energy Affordability & EE



*Please add questions
in the chat*

Sustainability Manager
City of San Luis Obispo
Chris Read



Featured Discussion - Energy Affordability & EE



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Director of Policy & Planning,
The Energy Coalition
Marc Costa



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San Diego Community Power
Patrick Welch



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Q&A and Discussion

Local Energy Resources Network



What's Next?

- Bonus Breakouts up next!
- Next meeting **April 8, 2025**
- Share [invitation](#) with others

See you next time!



Optional: Bonus Breakouts

Thanks for joining us!

This is a space for informal discussion among the LERN network. Feel free to:

- Offer an announcement, success story, or opportunity
- Share a need for information, collaborators, or advice
- Raise a suggested topic or speaker for future LERNS

If you need an in-depth discussion, you can pitch a specific bonus breakout topic and invite others to join you (today or we can plan ahead for next month)



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