ADVICE LETTER

SUMMARY

ENERGY UTILITY

Company name/CPUC Utility No.: 941

Utility type:
- [ ] ELC
- [ ] PLC
- [ ] GAS
- [ ] HEAT
- [ ] WATER

Contact Person: Jennifer Berg
Phone #: 415-820-7947
E-mail: jberg@bayareametro.gov
E-mail Disposition Notice to: jberg@bayareametro.gov

EXPLANATION OF UTILITY TYPE

ELC = Electric
PLC = Pipeline
GAS = Gas
HEAT = Heat
WATER = Water

(Date Submitted / Received Stamp by CPUC)
April 6, 2023

Advice Letter (AL) #: 23-E

Subject of AL: Request for $1.2 million of 2021 unspent/uncommitted funds from authorized BayREN budget.

Keywords (choose from CPUC listing):

AL Type: [ ] Monthly [ ] Quarterly [ ] Annual [ ] One-Time [ ] Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? [ ] Yes [ ] No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution required? [ ] Yes [ ] No

Requested effective date: 5/8/20
No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed*: N/A

Pending advice letters that revise the same tariff sheets:

*Discuss in AL if more space is needed.
Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Jennifer Berg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Director</td>
</tr>
<tr>
<td>Utility/Entity Name</td>
<td>BayREN</td>
</tr>
<tr>
<td>Telephone (xxx) xxx-xxxx</td>
<td>(415) 820-7947</td>
</tr>
<tr>
<td>Facsimile (xxx) xxx-xxxx</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:jberg@bayareametro.gov">jberg@bayareametro.gov</a></td>
</tr>
</tbody>
</table>

Contact Name: Ryan Jacoby
Title: Principal
Utility/Entity Name: BayREN
Telephone (xxx) xxx-xxxx
Facsimile (xxx) xxx-xxxx
Email: rjacob@bayareametro.gov
<table>
<thead>
<tr>
<th>ENERGY Advice Letter Keywords</th>
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<tbody>
<tr>
<td><strong>Affiliate</strong></td>
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<td><strong>Agreements</strong></td>
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<td><strong>CARE</strong></td>
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<td><strong>CPUC Reimbursement Fee</strong></td>
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<td><strong>Deposits</strong></td>
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<td><strong>Depreciation</strong></td>
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April 6, 2023

California Public Utilities Commission
Energy Division Tariff Unit
505 Van Ness Ave.
Fourth Floor
San Francisco, CA 94102-3298

Advice Letter 23-E
(BayREN ID #941)

Subject:
BayREN Request from Unspent Funds from Prior Program Year 2021

Purpose

The purpose of this advice filing is to seek approval for the San Francisco Bay Area Regional Energy Network (“BayREN”) to access $1.2 million of unspent/uncommitted funds from BayREN’s 2021 authorized budget, thereby increasing the 2022-23 budget accordingly. These unspent/uncommitted funds were part of the budget approved for BayREN during the current rolling portfolio by California Public Utilities Commission (“CPUC” or “the Commission”) in Decision (“D”) 18-05-041.1

BayREN is a collaboration of the nine counties that make up the San Francisco Bay Area. Led by the Association of Bay Area Governments (“ABAG”)2, BayREN implements effective energy saving programs on a regional level and draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful climate, resource, and sustainability programs. Since its inception, BayREN’s programs have followed the criteria first articulated by the California Public Utilities Commission (“Commission” or “CPUC”) in D.12-11-015: filling gaps in the market; serving hard-to-reach markets; and piloting new approaches to programs that have the potential to scale.

Background

In D.15-10-028, the Commission approved the Rolling Portfolio funding, and provided that 2015 is “year zero” insofar as we are leaving 2015 programs and funding in place until the earlier of when we provide superseding direction, or 2025.”3 In D.16-08-019, the Commission directed that: “existing approved activities [of the RENs] may have ongoing funding that was previously approved.”4 In D.18-05-041, BayREN’s Business Plan and Budgets for the term of the Rolling Portfolio was approved with slight modifications. D.19-12-021 allowed for the continued operation of existing RENs and directed that they be permanent program administrators removing the “pilot” designation.

1 The BayREN 2021 Budget was approved via Advice Letter 16-E-A.
2 On July 1, 2017 ABAG underwent a staff consolidation with the Metropolitan Transportation Commission (MTC). ABAG and its Executive Board continue to exist.
3 D.14-10-046 at page 31.
4 D.16-08-019 at page 10.
In D.18-05-041, the Commission set a cap on the overall amount of funding through 2025, and determined that it was reasonable to afford CPUC staff discretion to dispose of a program administrator’s portfolio budget request that exceeds the corresponding annual funding amount included in its business plan budget, plus unspent funds from previous years in the business plan period, through the ABAL Review Process.\(^5\)

As directed by the Commission\(^6\), BayREN filed an Annual Advice Letter covering both program years 2022 and 2023\(^7\). BayREN seeks an increase to this budget of $1.2 million.

**Discussion**

D.18-05-041 approved BayREN’s innovative, pay-for-performance Commercial energy efficiency incentive program for the 2018 – 2025 business plan cycle. The BayREN Commercial program serves hard-to-reach (HTR) and non-HTR small-, and medium-sized businesses (SMB) in the Bay Area. Currently, it is delivered through an online platform that compensates contractors for energy savings measured at the meter. The pay-for-performance approach enables a multitude of energy efficiency measures while ensuring ratepayer funding is not paying for non-existent savings. While there are other program administrators that offer pay-for-performance Commercial programs, BayREN is the only program that serves this small and HTR sector. This is a resource acquisition program given the high level of energy savings, but there are also strong equity components such as geographic targeting in Disadvantage Communities and a focus on very small SMBs.

Although past iterations of the BayREN Commercial program were adversely impacted by the COVID-19 pandemic as the target marked was severely impacted by shelter-in-place orders, remote work patterns, etc., the latest online platform successfully launched in December 2022. In the first four weeks, BayREN received applications for a total of 1,635,630 kWh of savings. Given this unanticipated high volume of projects, BayREN paused the platform in order to evaluate all of the applications for eligibility and project integrity and to determine if additional funding could be obtained to satisfy the high level of interest and potential projects. During the pause, BayREN received feedback from select contractors that they have a strong interest in continuing to serve the HTR business sector.

It is projected that to satisfy the demand, the program will need $2.7 million more than the current 2022-2023 budget. $1.5 million will be shifted from other programs in the BayREN portfolio;\(^8\) however, $1.2 million is still needed, primarily for incentives that will be provided only to HTR businesses. The funding is projected to provide additional energy savings of approximately 940,000-kWh. BayREN will continue to make incentive payments according to the verified performance of the installed measures. Without the additional funding, BayREN will have to extend the current pause into 2024, thereby running the risk that those engaged contractors will no longer participate in the HTR sector. Indeed, one of the foundational promises of a rolling portfolio is to protect against the start/stop of energy efficiency programs that drove many contractors away from participation.

BayREN’s Commercial program was significantly underspent in 2021,\(^9\) primarily due to the continued impacts of the COVID-19 pandemic.

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\(^5\) D.18-05-041, Conclusion of Law (COL) #73.
\(^6\) D.21-05-031, Ordering Paragraph #13.
\(^7\) BayREN Advice Letters 21-E and 21-E-A, which were effective as of December 8, 2021.
\(^8\) D.15-10-028, Ordering Paragraph #18 provides the authority for Program Administrators to shift funds among authorized programs without the need to file an advice letter.
\(^9\) Specifically, the Commercial program was underspent by $1.64 million in 2021.
BayREN seeks to increase its 2022-2023 budget by accessing a portion of the unspent/uncommitted balance from BayREN’s 2021 authorized budget as follows:

<table>
<thead>
<tr>
<th>Budget</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2021 Authorized Budget (excluding EMV)</td>
<td>$24,171,613</td>
</tr>
<tr>
<td>2021 Unspent/Uncommitted Balance</td>
<td>$6,089,645</td>
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**Protest**

Anyone may protest this Advice Letter. The Protest must state the grounds upon which it is based. The Protest must be made in writing and received by the Commission within 20 days of the date this Advice Letter was filed with the Commission, or April 6, 2023. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

California Public Utilities Commission  
CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. It is also requested that a copy of the protest be sent by email to the address shown below on the same date it is mailed or delivered to the Commission.

Jennifer K. Berg  
Director - Energy Programs  
Association of Bay Area Governments  
375 Beale Street  
7th Floor  
San Francisco, CA 94105  
J Berg@bayareametro.gov

**Effective Date**

BayREN requests that this Tier 2 advice submittal become effective on regular notice, May 8, 2023, which is 30 calendar days after the date of submittal.

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10 BayREN Advice Letter 16-E-A.
Notice

In accordance with General Order 96-B, a copy of this advice letter is being sent electronically to parties shown on the service list of R.13-11-005.

Jennifer K. Berg
Director, Energy Section

CC: EDTariffUnit@cpuc.ca.gov
Service List R.13-11-005