



CITY OF CLEARLAKE

Successor Agency

STAFF REPORT

SUBJECT: Presentation and Consideration of Letter of Support for Lake APC's Pursuit of a RuralREN Program in Lake County

MEETING DATE: Feb. 3, 2022

SUBMITTED BY: Alan D. Flora, City Manager

PURPOSE OF REPORT: ☐ Information only ☒ Discussion ☒ Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL:

The City Council is being asked to receive a presentation regarding the RuralREN program and consider a letter of support.

BACKGROUND/ DISCUSSION:

Regional Energy networks (RENs) are a solution for delivering energy efficiency programs envisioned in the early 2010s by the California Public Utilities Commission (CPUC). RENs were created as an innovative framework for local governments to design and administer energy efficiency programs and report directly to the commission. The goal was for the regional energy networks to create energy efficiency programs that would serve customers not otherwise served by the investor-owned utility programs.

Lake Area Planning Council (APC) is partnering with the seven other members of the Rural Hard to Reach Working (RHTR) group, an alliance of California local governments and non-profits experienced in implementing energy efficiency programs to submit a business plan to the CPUC for a new REN, the Rural Regional Energy Network. This business plan will be submitted by February 15th, 2022 and will seek funding from January 1st 2023 to December 31st 2031. The RuralREN is a direct response to the unique issues and urgent needs of rural California energy customers and will address energy equity in our communities by providing programs for residents, businesses, and public agencies. Opportunities for community investment will include hands-on career training and placement, incentives for energy efficiency projects, and localized lending. The RuralREN will provide the resources our communities need to play an equitable role in California's transition to a clean energy economy.

Lake APC staff plans to implement five RuralREN programs as described below:

The Residential Equity Program:

This program will primarily target low to moderate income rural service workers and retirees since they often face a high energy cost burden. The program will first seek to increase energy efficiency awareness in our communities by conducting extensive education and outreach delivered through local government and community-based organizations. The program will also offer a basic energy efficiency "toolkits" containing simple energy efficiency and conservation education material as well as easy to install energy efficiency equipment such as LED lightbulbs and power strips. The toolkit will be provided at no cost to residents who sign up for a phone energy consultation online or at community events. Finally, the program will offer in person and virtual energy efficiency audits which will also include no cost energy efficiency equipment, provide actionable energy efficiency and electrification

project recommendations as well as guide customers towards qualified external incentives programs and financing solutions.

The Residential Resource Acquisition Program:

This program will offer Incentives for common home energy upgrades and GHG reducing technologies such as heat pumps. Energy efficiency measures will include a variety of “whole home” items like insulation, Heating Ventilation and Air Conditioning (HVAC), and plug loads/appliances. Financing will also be made available to enable customers to implement energy projects with no capital outlay. The RuralREN finance offering is described in the finance equity program section below.

Commercial Resource Acquisition Program:

This program will offer energy advisor services and financial incentives to small and medium sized businesses. Region specific outreach and energy audits will provide specific, actionable recommendations for improving the place of business to reduce energy consumption and will guide the customer toward available incentives and financing options offered by RuralREN, electric and gas utility companies, and third-party program implementers. Incentives will be offered for common energy upgrades and Greenhouse Gas (GHG) reducing technologies such as electric heat pumps. Energy efficiency measures will include a variety of items like controls, HVAC, and plug loads / appliances. Financing will also be made available to enable customers to implement energy projects with no capital outlay. Financing offerings are described in the Finance equity program section below.

Public Equity Program:

This program will offer a suite of technical assistance and expert services to public agencies in the Lake APC region to identify, develop, track, and implement energy savings projects in their buildings and facilities. This will help agencies on their path to meeting state mandates for GHG reduction and Zero Net Energy. In addition to providing much needed project services, this program will connect agencies to external incentives programs and financing offerings, increase awareness and expertise of public agency staff, increase regional collaboration amongst agencies, and help demonstrate local government leadership in energy efficiency and electrification within local communities. The program will also seek to integrate energy efficiency as part of the regular maintenance and equipment replacement process of each agency through the creation of infrastructure inventories that can be used as long-term project pipelines.

Workforce Education and Training Equity Program:

This Rural California Pathways to Climate Adaptive Careers program will provide energy efficiency training and upskilling to community members through hands-on training, career support and placement services. The program provides three training pathways to achieve these outcomes:

- 1) The Clean Energy Academy will bring free energy efficiency career training to underserved populations that include but aren't limited to veterans, 18- to 24-year-olds, previously incarcerated individuals, and individuals residing in low income or disadvantaged communities. This is a nationally recognized model, which provides certification training designed to meet the needs of the clean energy job market.
- 2) The climate careers employment and training pathway will target 15 to 22 years old's and train them to act as energy auditors as part of the residential equity program. This program will help participants develop energy management knowledge and techniques, professionalism, and time management skills while also providing benefits to the community at large.
- 3) The Connectivity pathway will seek connect graduates of the Clean Energy Academy and Climate Careers pathway and place them in programs that provide needed certifications to start working at a prevailing wage.

Codes and Standards Program:

This program will support code enforcement agencies as well as the building design and construction community to better understand and implement California's ambitious Building Energy Efficiency Standards (Title 24), helping make buildings more efficient, paving the way for zero net energy building stock, and reducing energy use and greenhouse gas emissions in our region. The program will provide building professionals with topic specific code

trainings as well as support and facilitate transition to new codes, in particular ZNE-Ready reach codes. This program will also seek Increase agency collaboration and cooperation regionally, improving consistency among jurisdictions and streamlining energy code processes building professionals. Finally, this program will include an Energy Codes Coach service, which will consist of on-demand technical assistance for public agencies or contractors to ask issue specific questions that arise as part of the permitting process.

Finance Equity Program:

RuralREN's Finance Program will address first cost and access to capital barriers that exist in Public, Small Business and Residential sectors in rural California by providing guidance and support to rural customers during their participation in energy efficiency related funding and financing offerings. This program will also operate a short-term bridge Loan offering for small businesses and local government agencies to cover energy efficiency project costs during construction in order to "bridge" the time gap between the time of approval for PG&Es On-Bill Financing (OBF) and the disbursement of the OBF funds occurring upon verification of the project installation by PG&E. This time gap can be many months, and in some cases a year or more. The "bridge" funding will allow cash strapped, small businesses and rural local government agencies to implement energy efficiency projects quicker and eliminates the added cost of contractor financing during construction (if contractor financing is even available). Finally, this program will also run a residential Loan offering which will offer zero percent interest medium term financing of energy efficiency upgrades for homeowners with a focus on appliance electrification. These loans will be focused in the \$1,000 to \$10,000 range, with loan terms of up to 36 months.

In order to implement these five programs Lake APC is making the following budget request as part of the strategic business plan application:

Year	Budget
2023	825,793
2024	1,539,589
2025	1,867,259
2026	1,992,439
2027	2,020,189
2028	n/a
2029	n/a
2030	n/a
2031	n/a

In addition to the yearly budget shown in the table above, Lake APC will also receive the services of consultants to be hired by the San Joaquin Valley Clean Energy Organization on behalf of all RuralREN partners to implement part of the residential equity as well as the workforce education and training program.

The next steps in this process are for the RuralREN to submit a motion to the California Public Utilities Commission by February 15th, 2022 to become a portfolio administrator, as well as for the RuralREN to submit a strategic business plan application. Once the motion and proposal are submitted each official parties to the CPUC energy efficiency proceeding will have the opportunity to make comments, request additional information, and reply comments, after which a CPUC administrative law judge will issue an official decision. If the business plan is approved Lake APC staff will then work with RuralREN partners to submit the detailed program participation guidelines, manuals, and implementation plans to the CPUC for final approval, in order to begin implementing programs on January 1st 2023.

OPTIONS:

1. Approve a Letter of Support for Lake APC's RuralREN proposal and authorize the Mayor to sign.
2. Provide Direction to Staff.

FISCAL IMPACT:

☒ None ☐ \$ Budgeted Item? ☐ Yes ☒ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments: No financial impact to the City.

STRATEGIC PLAN IMPACT:

- ☐ Goal #1: Make Clearlake a Visibly Cleaner City
- ☐ Goal #2: Make Clearlake a Statistically Safer City
- ☒ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- ☒ Goal #4: Improve the Image of Clearlake
- ☒ Goal #5: Ensure Fiscal Sustainability of City
- ☐ Goal #6: Update Policies and Procedures to Current Government Standards
- ☒ Goal #7: Support Economic Development

SUGGESTED MOTIONS:

- ☒ **Attachments:** 1. Draft Letter of Support