

DOCKETED

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BayREN Comments - : SB 350 Barriers Study and Inclusive Financing for Distributed Energy Solutions'

Revised letter from earlier submission adding attachment

Additional submitted attachment is included below.



“Bay Area communities working together for a sustainable energy future.”

August 24, 2016

California Energy Commission
Dockets Office, MS-4, Re: Docket No. 16-OIR-02
1516 Ninth Street
Sacramento, CA 95814

RE: SB 350 Barriers Study and Inclusive Financing for Distributed Energy Solutions

CEC Staff,

The Bay Area Regional Energy Network (BayREN) program portfolio includes partnerships with several municipal water utilities to install customer water and energy efficiency improvements through the Pay As You Save (PAYS®) On-Bill Tariff approach.

We urge the Commission to consider PAYS as a tool to unlock distributed resource solutions for *all* utility customers in California, including low and moderate income customers, renters, and property owners.

PAYS allows utilities to invest in upgrades to customer properties and to recover the cost of those improvements through a tariff. Customers that voluntarily participate receive immediate net savings on their bill and take on no new debt obligation. They simply continue to pay their, now lower, utility bill. This approach acknowledges that utility infrastructure extends behind the meter and that utilities can harness the investment opportunity in customer-side infrastructure in a way that benefits *any utility customer, regardless of income or housing ownership*.

You can read more about the BayREN PAYS programs here: <https://www.bayren.org/pays>. Examples of PAYS success in other states can be found here: <http://cleanenergyworks.org/>. The attached PDF also explains the fundamental elements of the PAYS tariff model that set it apart from rebate and debt-based models for customer upgrades.

We look forward to the chance to discuss our experience with PAYS and the role that it can play in achieving the goals of SB 350. I can be reached at jennyb@abag.ca.gov or (415) 820-7947, and I would be happy to coordinate any communications between our BayREN team and CEC staff.

Sincerely,

Jennifer K. Berg
Senior Program Manager, BayREN

PAY AS YOU SAVE[®] ON-BILL PROGRAM MODEL TARIFF

- 1 **Eligibility:** Eligible on an optional and voluntary basis to any cooperative member who takes service under any rate schedule for energy efficiency improvements (upgrades) where the cooperative provides electric service to the structure. It shall not be a requirement that the structure be all-electric.
- 2 **Participation:** To participate in the Program, a member must: 1) request from the cooperative an analysis of cost effective upgrades, 2) agree to the terms of the cost effectiveness analysis fee as described in Section 2.2, and 3) review the Purchase Agreement that defines member benefits and obligations, and implement any project that does not require an upfront payment from the member as described in Section 3.3.
- 3 **Energy Efficiency Plans:** The cooperative will have its Program Operator or approved energy efficiency contractor perform a cost effectiveness analysis and prepare an Energy Efficiency Plan (Plan), identifying recommended upgrades to improve energy efficiency and lower power costs.
 - 3.1 **Incentive Payment:** The cooperative may make an incentive payment for program participation that is less than or equal to the value of the upgrades to the cooperative.
 - 3.2 **Net Savings:** Recommended upgrades shall be limited to those where the annual Program Service Charges (Service Charges), including program fees and the cooperative's cost for capital, are no greater than 80% of the estimated annual benefit from reduction to members' annual utility charges based on current rates in electricity and/or gas costs.
 - 3.3 **Copay Option:** In order to qualify a project for the Program that is not cost effective, Members may agree to pay the portion of a project's cost that prevents it from qualifying for the program as an upfront payment to the contractor. The cooperative will assume no responsibility for such upfront payments to the contractor.
 - 3.4 **Cost Effectiveness Analysis Fee:** If the cost of the cost effectiveness analysis exceeds the value to the cooperative of upgrades accepted by members for installation, the cooperative will recover from participants the portion of the cost for the analysis that is greater than the value of the upgrades to the cooperative. The utility will not recover costs for the analysis if the Energy Efficiency Plan concludes that proposed upgrades are cost effective only with a copay. The cooperative will recover all of its costs for the analysis at a location from a member who declines to install upgrades identified in an Energy Efficiency Plan that does not require a copay.
 - 3.5 **Existing Buildings:** Projects that address upgrades to existing buildings deemed unlikely to be habitable or to serve their intended purpose for duration of service charges will not be approved unless other funding can effect necessary repairs.
- 4 **Approved Contractor:** Should the member determine to proceed with implementing The Plan, the cooperative shall determine the appropriate monthly Program Charge as described below. The member shall sign the Agreement and select a contractor from the cooperative's list of approved contractors.
- 5 **Quality Assurance:** When the energy efficiency upgrades are completed, the contractor shall be paid by the cooperative, following on-site or telephone inspection and approval of the installation by the cooperative or its Program Operator.

- 6 **Program Services Charge:** The cooperative will recover the costs for its investments including any fees as allowed in this tariff through monthly Service Charges assigned to the meter at the location where upgrades are installed and paid by members occupying that location until all cooperative costs have been recovered. Service Charges will also be set for a duration not to exceed 80% of estimated life of the upgrades or the length of a full parts and labor warranty, whichever is less and in no case longer than twelve years. The Service Charges and duration of payments will be included in the Purchase Agreement.
- 6.1 **Cost Recovery:** No sooner than 45 days after approval by the cooperative or its Program Operator, the member shall be billed the monthly Program Charge as determined by the cooperative. The cooperative will bill and collect Service Charges until cost recovery is complete except in cases discussed in Section 7.
- 6.2 **Termination of Program Charge:** Once the cooperative's costs for Upgrades at a location have been recovered, the monthly Program Charge shall no longer be billed, except as described in Section 7.
- 6.3 **Extension of Program Charge:** As described in Section 6 or for any other reason, if the monthly Service Charge is reduced or suspended, once repairs have been successfully effected or service reconnected, the number of total monthly payments shall be extended until the Service Charges collected equal the cooperative's cost for installation as described in Section 5. The duration of Service Charges will also be extended if there are missed payments and the current occupant is still benefitting from the upgrades in order for the cooperative to recover its costs to install upgrades at a location.
- 6.4 **Tied to the Meter:** Until cost recovery for upgrades at a location is complete or the upgrades fail as described in Section 7, the terms of this tariff shall be binding on the metered structure and any future member who shall receive service at that location.
- 6.5 **Disconnection for Non-Payment:** Without regard to any other Commission or cooperative rules or policies, the Service Charges shall be considered as an essential part of the customer's bill for electric service, and the cooperative may disconnect the metered structure for non-payment of Service Charges under the same provisions as for any other electric service.
- 7 **Repairs:** Should, at any future time during the billing of Service Charges, the cooperative determine that the installed Upgrades are no longer functioning as intended and that the occupant, or building owner if different, did not damage or fail to maintain the upgrades in place, the cooperative shall reduce or suspend the Program Service Charges until such time as the cooperative and/or its contractor can repair the upgrade. If the upgrade cannot be repaired or replaced cost effectively, the cooperative will waive remaining charges.

If the cooperative determines the occupant, or building owner if different, did damage or fail to maintain the upgrades in place, it will seek to recover all costs associated with the installation, including any fees, incentives paid to lower project costs, and legal fees.

The Service Charges will continue until cost recovery is complete.