

DOCKETED

Docket Number:	18-IEPR-01
Project Title:	2018 Integrated Energy Policy Report Update
TN #:	225786
Document Title:	Ygrene Energy Fund Comments On October 9, 2018 Draft IEPR Update, Volume II
Description:	N/A
Filer:	System
Organization:	Ygrene Energy Fund
Submitter Role:	Public
Submission Date:	11/2/2018 3:18:11 PM
Docketed Date:	11/2/2018

Comment Received From: Ygrene Energy Fund
Submitted On: 11/2/2018
Docket Number: 18-IEPR-01

On October 9, 2018 Draft IEPR Update, Volume II

Additional submitted attachment is included below.



November 2, 2018

Via Electronic Delivery

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 18-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Ygrene Energy Fund Comments on the October 9, 2018 Draft 2018 Integrated Energy Policy Report Update, Volume II – Docket No. 18-IEPR-01

Dear Commissioner Hochschild and Energy Commission Staff:

California has long held the mantle as the nation's most innovative and committed state with regard to renewable energy and energy efficiency policy. As a California company dedicated to bringing renewable energy, energy efficiency, and resiliency market solutions to bear on the challenges related to climate change, Ygrene Energy Fund welcomes the opportunity to provide comments to the Draft 2018 Integrated Energy Policy Report Update, Volume II.

Ygrene is encouraged to see the Energy Commission's focus on decarbonizing buildings. As detailed in the IEPR Update, Volume II Draft, "building GHG emissions are second only to transportation" accounting for 26% of the State's GHG emissions.¹ Further, Senate Bill 350 (de Leon, Chapter 547, Statutes of 2015) requires that California double its energy efficiency savings and produce 50% of the State's electricity from renewable sources by 2030. In order to achieve these policy goals, retrofitting California's existing building stock is essential. Ygrene supports the Energy Commission's recognition that it is crucial when "retrofitting existing buildings, or replacing appliances and equipment that zero-emission technologies, designs, and measures be readily available and *easy to implement* (emphasis added)."² California property owners need accessible policy tools that are *easy to implement* in order to retrofit their buildings to reduce energy consumption, produce renewable electricity, and reduce their carbon footprint.

Providing equitable access to renewable energy and energy efficiency technologies for California property owners is paramount in meeting SB 350's goals. And, affordable financing is vital to providing equitable access to these technologies. It is widely known that high upfront costs (first cost barrier) is one of the most restrictive factors when it comes to property owners investing in energy efficiency, renewable energy, and water conservation technologies. As the Energy Commission notes, financing is the third most impactful policy behind utility programs and codes and standards in achieving the

¹ CEC 2018 Integrated Energy Policy Report Update Volume II, pg. 17.

² CEC 2018 Integrated Energy Policy Report Update Volume II, pg. 13.

efficiency doubling goal called for in SB 350.³ However, the Energy Commission does not highlight financing options as an important policy in the current Draft 2018 IEPR Update, Volume II. And, by extension, the Draft 2018 IEPR Update, Volume II does not highlight Property Assessed Clean Energy (PACE), one of California’s most important public policy tools providing accessible financing to over 150,000 California property owners.

Since passing the first PACE enabling legislation in the country in 2008,⁴ California has fostered the largest PACE market in the country, accounting for over 80% of national PACE financing, representing approximately \$5 billion in clean energy capital investment for over 150,000 property owners. California’s PACE market has had a tremendous impact on energy efficiency, renewable energy, and water conservation, leading to billions of kilowatt hours saved, hundreds of megawatts of distributed solar electric capacity, billions of gallons of water conserved, and millions of metric tons of carbon abated.

Recent research published in March 2018, by the Lawrence Berkeley National Laboratory has shown that cities with PACE programs have a 7% to 12% per month higher solar photovoltaic deployment rate than cities without PACE programs.⁵ Further, the Rocky Mountain Institute (RMI) “strongly believes that R-PACE [residential PACE] has the potential to resolve the most prominent market barriers to scale NZE [net-zero energy] new construction development.”⁶ In fact RMI details seven reasons why residential PACE could overcome the barriers to scale NZE homes:

1. R-PACE provides incremental upfront capital investment for NZE home construction;
2. Annual cost savings from an NZE home are more than the R-PACE assessment payouts;
3. R-PACE resolves the cost/benefit split incentive;
4. R-PACE lowers the need for additional construction loans and builder/developer equity;
5. R-PACE offers the homeowner longer payback terms, low annual repayment costs, and flexibility to prepay;
6. R-PACE financing could help improve the overall affordability, performance, asset value, health, and comfort of the new housing stock; and
7. Using R-PACE for NZE buildings is a reliable policy proposal to help states and cities meet their ambitious carbon-reduction goals.⁷

PACE financing is an effective public policy tool available to property owners to make improvements that reduce energy and water consumption and produce distributed renewable energy. It is for these reasons Ygrene strongly encourages the Energy Commission include an additional section to Chapter 2, “Doubling Energy Efficiency Savings” of the Draft 2018 IEPR Update, Volume II, addressing the

³ CEC 2018 Integrated Energy Policy Report Update Volume II, Figure 3, pg. 51

⁴ California Assembly Bill 811 (Levine and Beall, Chapter 159, Statutes of 2008).

⁵ Jeff Deason and Sean Murphy, “Assessing the PACE of California Residential Solar Deployment: Impacts of Property Assessed Clean Energy Programs on Residential Photovoltaic Deployment in California, 2010-2015,” *Lawrence Berkeley National Laboratory*, March 2018, pg. iv

⁶ Radhika Lalit and Alisa Petersen, “R-PACE: A Game-Changer for Net-Zero Energy Homes,” *Rocky Mountain Institute*, September 2017, pg. 5

⁷ *Ibid*, pgs. 5-8



importance of financing in meeting SB 350's renewable energy and energy efficiency goals, with a particular focus on PACE financing.

Thank you for your consideration of the above comments and we look forward to further participation in the 2018 Draft IEPR Update, Volume II process.

Sincerely,

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