

DOCKETED

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On the 2019 California Energy Efficiency Action

Additional submitted attachment is included below.



15 May 2019

Via Electronic Delivery

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 19-IEPR-06 – 2019 California Energy Efficiency Action Plan
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Ygrene Energy Fund Comments on the 2019 California Energy Efficiency Action Plan – Docket No. 19-IEPR-06

Dear Commissioners Scott and McAllister and Energy Commission Staff:

California is the national leader in clean energy, not only in its bold and progressive carbon emission reduction, energy efficiency, and renewable energy goals but also in its clean energy achievements and successes. 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 2019 California Energy Efficiency Action Plan.

Ygrene is encouraged to see the Energy Commission's focus on the importance of Market Transformation in meeting the State's progressive energy efficiency goals under Senate Bill 350 (de Leon, Chapter 547, Statutes of 2015) and producing 100% of California's electricity from zero-emission sources (de Leon, Chapter 312, Statutes of 2018). Doubling the energy efficiency of existing buildings by 2030 and producing 100% of the State's electricity from non-fossil fuel sources by 2045 will take a herculean effort to accomplish. There are over 12 million single family, multi-family, and commercial buildings in California. Doubling the energy efficiency of those over 12 million buildings and sourcing 100% renewable energy will be impossible to achieve without the mobilization of hundreds of billions in investment capital over the next 25 years. Taxpayer funded efficiency programs, ratepayer funded utility programs, and other small-scale sustainability programs will not be sufficient to achieve the mandated goals. Ultimately, massive public and private investment at the local and state level will be required and the mechanisms by which that investment is enabled are essential.

Property Assessed Clean Energy (PACE) is one of California's most effective and successful tools to mobilize the investment capital needed to achieve the state's energy efficiency and renewable energy goals. Since passing the first PACE enabling legislation in the country in 2008,¹ California has fostered the largest PACE market in the country accounting for over 80% of national PACE financing and representing approximately \$5 billion in clean energy capital investment in the State on approximately 200,000 clean energy projects with hundreds of local government partners.

¹ California Assembly Bill 811 (Levine and Beall, Chapter 159, Statutes of 2008).



The University of Southern California's Schwarzenegger Institute for State and Global Policy and the Sol Price School of Public Policy recently released new research reporting on the most comprehensive regional analysis of the impacts of PACE financing in California and Florida: *Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida*.² That research found that the over \$750 million in clean energy PACE investment by just one PACE company (Ygrene Energy Fund) between 2013 and 2018 will produce the following environmental and economic impacts in California over the useful life of the PACE projects installed:

- 3.63 million megawatt hours of electricity consumption reduction;
- 2.86 billion cubic feet of natural gas consumption reduction;
- 1.15 million metric tons of CO₂-e emission reduction;
- 9,774 new cumulative job-years of employment;
- \$1.28 billion in gross economic output; and
- \$847 million of augmented economic growth.

Additionally, the projects funded by Ygrene Energy Fund encompass approximately 20-25% of the entire PACE market in California. Therefore, the above impacts are 4-5 times greater when accounting for the impacts of the entire PACE industry across the state. This research confirms that PACE programs are essential public policy for the many local governments across the state working tirelessly to reduce carbon emissions, increase deployment of renewable energy, and improve energy efficiency – all while having a positive impact on the economy and without the need for taxpayer funds. PACE is a Market Transformation mechanism that supports and helps achieve California's advanced energy goals.

In fact, as the Energy Commission noted in the 2018 IEPR Update Volume II, financing is the third most impactful policy – after utility programs and codes and standards – in achieving the efficiency doubling goal called for in SB 350.³ Furthermore, research out of the Lawrence Berkeley National Lab and the Journal of Environmental Economics and Management has demonstrated that PACE financing provides unique value and impacts that cannot be replaced or substituted by other programs or financing options.⁴ That research found that PACE programs increased the number of residential solar PV installations that would not have occurred otherwise without the existence of PACE. Thus, PACE programs not only expand the utilization of clean energy technologies, but the programs also reach property owners who otherwise would not have had the mechanisms or tools available to make needed environmentally conscientious investments to their properties. These outcomes are the very outcomes California needs and that the Energy Commission supports.

Ultimately, California property owners need accessible policy tools in order to be a part of the solution to climate change and to reduce their carbon footprint. The first-cost-barrier is one of the most restrictive factors when it comes to property owners investing in clean energy technologies, and

² Rose, A. and Wei, D. 2019. *Impacts of the Property Assessed Clean Energy (PACE) Program on the Economies of California and Florida*. Schwarzenegger Institute, USC, Los Angeles, CA.

³ CEC 2018 Integrated Energy Policy Report Update Volume II, Figure 3, pg. 53

⁴ Deason, J. and Murphy, S. 2018. *Assessing the PACE of California residential solar deployment: Impacts of Property Assessed Clean Energy programs on residential solar photovoltaic deployment in California, 2010-2015*. Lawrence Berkeley National Lab, Report Number 2001143.; Kirkpatrick, A. J. and Benneer, L. S. 2014. *Promoting clean energy investment: An empirical analysis of property assessed clean energy*. Journal of Environmental Economics and Management, 68(2):357-375.

financing, especially PACE financing, provides the necessary policy tools to overcome those barriers and leverage the hundreds of billions of dollars needed to fight climate change in California. And, PACE is one of the few public-private partnership models that provides affordable and equitable access to financing, something California desperately needs.

California's energy goals, while bold and progressive, are not out of reach when proper support is provided to implement the policies that produce the largest environmental impacts while also creating economic growth and opportunities. The latest research on the impacts of PACE out of the Schwarzenegger Institute, Lawrence Berkeley National Lab, and other research institutions establish that PACE is one of the most effective public policy tools available.

However, recent legislation passed in late 2017⁵ significantly constricted the growth of the California PACE market, which dropped by approximately 40% after the legislation took effect. Without proper support from state leadership, government agencies, and local communities, PACE will not achieve the impacts it is capable of creating. And without the mobilization of hundreds of billions in clean energy investment, from both the public and private sectors – of which PACE has demonstrated its effectiveness – California's energy goals will fail to materialize. In developing the 2019 California Energy Efficiency Action Plan, the Energy Commission has the opportunity to support Market Transformation policies, such as PACE, that truly create lasting impacts. Thus, Ygrene strongly encourages the Energy Commission to support PACE financing policies, which should include incorporating a section on the role and importance of PACE in meeting the state's energy goals in the 2019 California Energy Efficiency Action Plan.

Thank you for your consideration of the above comments, and we look forward to further participation in the 2019 California Energy Efficiency Action Plan process.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Lemyre", with a stylized flourish at the end.

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⁵ California Assembly Bill 1284 (Dababneh, Chapter 475, Statutes of 2017).