# MCE
# BUSINESS FORUM with CEDMC
# MARCH 15, 2022
# TRANSCRIPT

## Introduction, Welcome

**Greg Wikler, Executive Director, CEDMC:**
We are here to hear from MCE about their recently filed Business Plan Portfolio for 2024-2031. This is the Council's first Business Forum with MCE, so we are very excited for you to join us today. We will go through MCE's organizational structure, and a longer presentation of the MCE Business Plans than we got at the recent CAECC meeting.

**Alice Havenar-Daughton, MCE:**

Hello everyone, we only had 6 minutes to present at the CAECC meeting, so we have plenty of time to go over everything today. Please feel free to raise your hand and chat. On the line:

- Alice Havenar-Daughton, MCE, Director of Customer Programs
- Joey Lande, MCE, Resource Programs
- Jennifer Green, MCE, Residential Programs, which includes equity and market support programs
- Mad Stano, MCE, Policy Programs

## MCE Background

**Alice Havenar-Daughton, MCE:**
We are a community choice aggregator, enabled through legislation in 2002. We are the default electricity provider, although people can opt out if they want. We are here for energy efficiency. We are a nonprofit, and governed by a board of elected officials from each community we serve.

We reduce greenhouse gas emissions through renewable resources and energy efficiency. "Energy Efficiency" is right in our mission statement, that's how important it is to MCE. We have a service area outside of Marin, so we aren't "Main Clean Energy", we are just the acronym.

MCE serves diverse populations in Marin, Napa, Solano and Contra Costa Counties. 1/3 is non-English speaking and we are in 3 climate zones (3, 2 and 12). 6x the earnings in top 5 census tracts compared to bottom 5. MCE has experienced the largest increase in cooling days in the state, our region has experienced the biggest warming, so cooling is becoming more and more prevalent.

New in this plan, we are segmenting the resources. Previously it was only cost effectiveness. Also, now 30% can be used for equity that is not beholden to the TRC. Looking at energy savings goals, and not having to offset equity and market support.

## Long Term Strategies

The application has a long term 8-year vision and 4-year short term. Long term strategies include:

1. maximize TSB
2. meaningful equity programs
3. support electrification and decarb
4. incorporate load shaping and demand response
5. optimize delivery channels (making programs easy and provide value)

## Budget Preview

Moving ahead to slide 20: we will go through the budget later, but to give you perspective about what we are talking about. Overall, it is about $20 million per year. This budget does not represent a massive increase.

## Non-residential Programs

**Joey Lande, MCE:**
Agriculture and Industrial Customers: When we launched service to Ag and Industrial, there are more similarities between them than one would expect. One program that encompasses both is good, they both have pain points specific to their operations, so it benefits both and it is a streamlined way to service both. A participation pathway to these customers for both. It is not huge, but it is a growing customer base. We want both of these programs to leave no stone unturned, so part of our approach is to make sure we cover deemed, custom, and strategic energy management projects. We are exploring scaling incentives based on scaling TSB. We see potential for avoided cost savings.

## Commercial Customers

We need multiple pathways for participation. A combo of tailored support for customers who need it, and any business interested in an EE retrofit, we can deliver them to those benefits. We want to find customers who are interested, and Commercial SEM is a viable path to do that.

Marketplace Programs: To pay for benefits delivered. We are providing the maximum cost-effective program and they can use it as they see fit. It allows us to bring in more partners, and we have been successful at delivering savings to scale.

Commercial Equity Program: In the past, it was under commercial programs, which was included in cost effectiveness standards. Now it is in the equity bucket and not included in cost effectiveness. We will be in the planning phase later this year, and hope to launch later in 2023.

## Residential Customers

**Jennifer Green, MCE:**
I manage the team that manages residential energy efficiency projects. The residential component of MCE's service area is large, about 721,000 customers, but the annual usage is about half of our total load. We serve a broad swath of customers in terms of demographics and location.

Multi Family Energy Savings: We work with BayREN and PG&E to provide benefits and services to multifamily buildings. We want to have a pathway to everyone on the income spectrum. We proposed this as an equity program. Property managers or owners couldn't bridge the gap with savings and project costs. We offer no-cost assessments, coaching, behavioral modification to low-income residents and owners of multi family residences.

Multi Family Strategic Energy Management (SEM): We just got approval for this, we are reaching multi family properties with SEM. Finding efficiencies to have the same implementer for many projects to learn over time. Create energy strategies with property champions to determine the highest value to the customer and what will provide the highest level of energy efficiency gains. It is going to be a resource program.

Home Energy Reports: Used to be called the single family energy program. For single family residences. It identifies what EE gains can be made with a population that is home all the time. It allows all 140,000 participants to get emails with their energy use for the month and gives tips and tricks to save, and a web portal to learn more about EE opportunities and be connected with a contractor if they want to take the next step.

Home Energy Savings (Equity): This is an equity program, it was relaunched through our implementer, Franklin. They go by zip code to zip code and provide information through assessments, switching to in-person. Give energy saving equipment, low flow faucets, and no cost EE programs to low income.

Residential Efficiency Market: Not rolled out yet. Looking to provide a resource acquisition program for aggregators to reach out to customers whatever way works best. And for those aggregators to achieve. It is modeled after the team Joey manages. It's considered a Resource Program, using population-based NMEC as the platform for measurement.

Workforce Education and Training: To increase the capacity of the workforce to install and maintain electrification measures. We provide training for contractors on-site. We are matching trainees and contractors to grow the workforce.

## Budget

## Application Budget Summar


| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|
| Budget | $19,273,639 | $19,522,249 | $19,584,021 | $19,837,407 | $19,905,308 | $19,976,604 | $20,051,465 | $20,130,069 |
| TSB | $15,540,846 | $16,230,191 | $17,098,384 | $17,994,718 | $18,891,597 | $19,826,995 | $20,774,384 | $21,849,369 |

| | 2024-2027 | | | 2024-2031 | | |
|---|---|---|---|---|---|---|
| | Budget | % | TSB | Budget | % | TSB |
| Resource Acquisition | $51,623,429 | 66% | $64,822,127 | $104,465,303 | 66% | $143,719,460 |
| Equity | $19,396,778 | 25% | $2,042,013 | $39,364,213 | 25% | $4,487,024 |
| Market Support | $4,068,417 | 5% | $0 | $8,120,015 | 5% | $0 |
| Other (C&S, EM&V) | $3,128,693 | 4% | $0 | $6,331,230 | 4% | $0 |
| TOTAL Portfolio | **$78,217,316** | **100%** | **$66,864,140** | **$158,280,762** | **100%** | **$148,206,484** |

| 2024-2027 Cost Effectiveness | |
|---|---|
| Portfolio | |
| TRC | PAC |
| **.77** | **.86** |
| Resource Acquisition | |
| TRC | PAC |
| **1.08** | **1.26** |

**Alice Havenar-Daughton, MCE:**
Total portfolio over 8 years is $148,206 million. Went over how the budget breaks down by sector. The 2 largest are commercial and residential sectors.

## Policy Recommendations to the CPUC

CPUC should bolster the Cost Effectiveness Tool and CEDARS system.

Cost effectiveness tool (CET) should be modified to appropriately calculate impacts for demand reduction measures. Peak marketplace is focused on summer demand, which we need to reapply for, but the cost effectiveness cannot be agnostic to certain times of the year. We look at peak hours, and if the calculation is off-peak hours, it isn't accurate. We need the CET to be modified. In addition, there needs to be an allowance for custom load shapes. Further, the CEDARS tracking system needs to have the capability to allow time-based load impacts (e.g., load shapes), which it is not capable of doing right now.

Update tools and templates, which is for us in prepping for applications and deadlines.

MCE and PG&E to exchange demand response management program participation data on a quarterly basis.

Evaluate the future use of the PA test, instead of the Total Resource Cost test to evaluate the cost effectiveness. We want it to stay on the radar, we have been asking for this for a long time.

Support the development of the non-benefit metrics within the equity segment. If we can measure the benefits of equity programs, we will be stuck under a set number. If we can begin to measure, we can increase. We ask that it is applied fairly across.

- **End of presentation –**

**Q&A**

**Greg:** PAC is consistent with where we've been pushing too. Non-benefit equity, should we think about going beyond PAC? Is there a longer-term goal or plan for cost effectiveness? We need to be more thoughtful.

**Alice:** We aligned on the PAC before, and we see it as penalizing any other investments in EE benefits. Or if they have benefits other than EE, customers are moving away. We need to know how to calculate the other non-energy benefits. We want to make sure we can all agree on, be transparent and be applied across the board.

**Greg:** PAC used to be called the Utility Cost Test. In the reduced carbon world, we can't be holding ourselves for the next decade to a test of benefits that can't be helped in the decreasing carbon world.

**Alice:** As a load serving entity, there's a lot more benefit about what we're doing that can be measured.

**Joey:** The avoided cost values might not be enough to have a reliable grid. They are good guide posts, but they are not static and our projections need to change.

It needs locational and temporal benefits. But that' another long discussion

**Question 1**

**Leo, DNV:** On commercial customers, was there a desire to increase commercial partners? Could you expand on that topic?

**Joey:** The commercial energy efficiency market is set up to provide for more EE partners to set up their EE offers and how they are best set up for projects. Providers sign a contract with Recurve, and they are tasked with coordinating among participating providers. We don't contract, so it is fairly easy to get involved. Recurve outlines the terms, payment timelines, and the M&V, and that's about it. It is difficult for us to launch programs, so it is a way for us to achieve more projects without the administration and contacts.

**Jennifer:** That also applies to the residential marketplace as well.

**Joey:** It is also attractive to the aggregators participating now. It is easy to get involved, there is no solicitation. There were a few program partners that we wanted to work with, but couldn't in the past. This program has allowed us to do that. Generating projects, not programs.

**Question 2**

**Greg:** Budget allocation doesn't mention 3rd party implementers, and the 60% 3rd party doesn't affect MCE. How have you seen that roll out?

**Alice:** You're right the 60% is just an IOU requirement. We don't have any EE programs that are fully implemented in-house, so all our programs are 3rd party to some extent. We can run competitive solicitations in our own way and bypass the solicitation hurdle and bring on as many partners who can bring on as many projects as possible.

**Greg:** How do we get to you the information about projects and implementers?

**Alice:** We will happily take you up on new partnerships, and we would love to work together.

**Question 3**

**Greg:** I am excited about SEM in California. It has been a long time coming. A concern for me would be net to gross creeping in over time. Are you thinking of ways for the tendency of programs to have eroding net to gross programs, or a trade of program types? It's not an issue now, but I am concerned it might become an issue.

**Joey:** True SEM is granted a full 5-year life and net year gross to one. Going through the process that is required to get into SEM, it is a commitment. I don't know how that decline would be substantiated. For the customers that we see, they love SEM after they engage, they are interested in tracing their savings and interested in doing more. It is the most involved commitment to EE from a customer standpoint. Participation tracks neatly with the commitment. We are the first PA in California outside the industrial space, which is new. It's an ongoing conversation, so we are on track.

**Question 4**

**Greg:** About custom, if you look at ambitious goals to expand your programs, how much are you looking at custom?

**Joey:** We see custom projects as an option when it is the best fit for a customer. Never a closed door. Customers that come to us, we want those projects to be possible. From an administrator perspective, it is wise to avoid custom because of all the hurdles. SEM is like a custom project, but different. The plan is to not vastly increase projects, and not to close the custom door.

**Greg:** A lot of the IOUs think site-based NMEC is custom. You may not find as much uptake with population NMEC, so you may have to go to site-based NMEC.

**Joey:** Site based NMEC is still challenging, and we do look at it as an alternative to custom. It doesn't do away with all the challenges, but they are issues we can work through.

## Question 5

**Leo, DNV:** Could you talk about any financing on commercial and how it fits in with your overall objectives?

**Alice:** MCE doesn't offer financing programs; we work with other financing programs. We used to do it, but found it hard to compete. We help customers access other financing.

**Joey:** We collaborate with PG&E, so if they are with MCE, they are able to participate with PG&E financing programs. It has been a great point of collaboration. We have worked with NEIF for rebate bridge funding in the last 6 months. It makes benefits-based payment available to help aggregators get paid before the 1 year of metering is complete.

**Alice:** Also, MCE does have a financing program for batteries. 0% financing for qualified customers for batteries and storage.

## Question 6

**Greg:** All behind the meter resources are best deployed through an integrated approach. The customer doesn't see the difference, they get frustrated because a certain funding bucket doesn't allow them to do what they want to do.

**Alice:** We have a couple irons in the fire. The peak-flex market that we launched last summer is to pay for daily reductions. We will be using resources to reduce RA requirements and reducing demand during the day to bridge that gap and make those silos less transparent to our customers.

**Joey:** The residential efficiency market kicks off in 2024, and we are also kicking off a residential market access program sooner. We expect to see a diverse group of project types and not just EE to be involved in the residential market access program. We will see how it rolls out, in the next 2 years, it is open to a diverse group of technologies and provider types. With this around, maybe it will inform us for 2024.

**Jennifer:** We make sure all of our program implementers are sharing information as much as possible. If someone works on a home and sees a need for something else, reach out to us for the need for solar, for example. Our single point of contact model helps us, when a customer comes to us with a need, we can find ALL of the programs that will benefit them.

## Question 7

**Greg:** To what extent does market access undermine savings in the next 2 years?

**Alice:** From our perspective, it got very confusing when the market access came out state wide, when we already had a bunch of programs using that or a similar model. Before we proposed the peak flex market, for MCE, that stayed in our EE portfolio. It is our version of the MAP program. We've had to make changes to our existing program to make a unified statewide program. How can we align with what the state is doing but still have it because it is delivering savings? For the market access program, we started with it in the commercial sector, then phase it into the residential and accelerate it. It gets confusing, it is in existence for commercial, and for residential it isn't quite yet.

**Joey:** I was surprised by the IOU enthusiasm for it and undermining existing programs. For us, it is a humble admission that we don't always know who is out there with great projects that we could support. The strength of that program is going to add to the diversity of projects and add to our ability to scale. The goal is to make the MCE service area a great place to do business if you are involved in highly effective energy efficiency projects.

## Question 8

**Greg:** On CET incompatibility components. CET– Is it a matter of updating the cost effectiveness tool or is there more to it that we don't see everyday to enhance the ability for implementers to measure cost effectiveness?

**Alice:** The other one is the ability to use custom load shapes. When we look at programs where we are passing on value depending on the time of day, it doesn't do any good using a measurement that doesn't capture time of day, because it doesn't recognize savings. If we aren't able to claim savings in that way, it is going to look off. We did include the peak flex market in the application to continue beyond 2023. We are learning more about market access. The peak flex market, we are agnostic to what happens outside of the 4-9pm. We aren't looking for overall, as long as it is taking it out of those peak hours, but we have to enter that data into all of the CET.

**Mad**: One addition, we made a recommendation to EE workshops. Having everyone knowledgeable and on the same page is important and these requirements would benefit from a more holistic view.

**Greg:** Yes, we are hoping that will be addressing that in the upcoming decisions as well.

## Wrap-Up

**Greg:** I want to express sincere thanks to the MCE team for a great conversation and question. Certainly, to be continued, we love to engage with the MCE team. We hope to engage a lot more.

## Conclusion of CEDMC-MCE Business Forum