

# MCE and BayREN Joint Cooperation Memorandum for Program Year 2023

May 13, 2022

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## Overview

In Decision (D) 18-05-041, the California Public Utilities Commission (CPUC or the Commission) directed the filing of Joint Cooperation Memorandums (JCMs) between utility and non-utility Program Administrators (PAs) with overlapping service areas together prior to Program Administrators' (PA) Annual Budget Advice Letter (ABAL) filings.<sup>1</sup> D.19-02-021 modified the JCM requirement directing Regional Energy Networks to attached to PAs Annual Report. This is the third JCM between Marin Clean Energy (MCE) and the Bay Area Regional Energy Network (BayREN).

MCE serves customers in four<sup>2</sup> of BayREN's nine county territory.<sup>3</sup> Both MCE and BayREN offer energy efficiency (EE) programs under the Commission's current rolling portfolio cycle. MCE's portfolio has evolved from a specialized focus to a more balanced portfolio that offers EE programs for all customer segments, including Residential, Industrial, Agricultural, and Commercial. BayREN programs address the three areas indicated by D.12-11-015: filling gaps in the market; developing programs for hard-to-reach markets; and piloting new approaches to programs that may have the ability to scale and offer innovative avenues to energy savings. MCE and BayREN work closely together to minimize customer confusion, layer on to each other's programs when appropriate thereby offering our shared customers a more holistic and beneficial program offering.

The BayREN and MCE program teams meet on a regular basis to discuss program coordination and will continue to do so in 2023. The respective program teams and the BayREN member agencies in MCE's service area, will begin to meet quarterly to ensure information sharing and program coordination.

The 2023 JCM includes the following information for each relevant program area:

- 1) **BayREN Program Summary:** A description of each program BayREN is planning on administering in 2023.<sup>4</sup>
- 2) **MCE Program Summary:** A description of MCE programs that are comparable or equivalent to BayREN programs.<sup>5</sup>
- 3) **Coordination Protocol Between Programs:** A summary of how the BayREN program is distinct from the MCE program(s) and the coordination protocols between BayREN and MCE for comparable or equivalent programs.<sup>6</sup>
- 4) **Compliance:** Identifies how the BayREN program satisfies the criteria for REN activities in D.12-11-015 and D.19-12-021.
- 5) **Appendices:**
  - a. Appendix A: Summary of REN compliance with D.12-11-015 and D.19-12-021 for all planned programs;
  - b. Appendix B: List of all programs BayREN currently anticipates offering in 2023, including budget information and measure eligibility.<sup>7</sup>
  - c. Appendix C: List all programs MCE currently anticipates offering in 2023, including budget information and measure eligibility.<sup>8</sup>

<sup>1</sup> See D.18-05-041 at pp. 122-123.

<sup>2</sup> MCE serves 37 cities Marin, Napa, Solano and Contra Costa counties.

<sup>3</sup> BayREN serves the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Solano.

<sup>4</sup> As there are no comparable MCE offerings, a description of BayREN's Codes and Standards, Green Labeling and Water Upgrades Save program is not included. A complete list of BayREN programs can be found in Appendix B.

<sup>5</sup> A complete list of MCE programs can be found in Appendix C.

<sup>6</sup> Sections on program coordination with Statewide programs are out of scope to MCE and BayREN's coordination and omitted.

<sup>7</sup> Budget forecasts for 2022 are preliminary and highly variable and will be finalized in the 2022 Annual Budget Advice Letter.

<sup>8</sup> Budget forecasts for 2022 are preliminary and highly variable and will be finalized in the 2022 Annual Budget Advice Letter.

## Residential Sector Coordination

### Residential – Single Family

#### BayREN Program Summary (BayREN08)

BayREN's Home+ program, while available to all single family residents, is targeted at underserved households, defined as those with a moderate income<sup>9</sup> and/or where a language other than English is spoken. Moderate income was previously defined as households as with an annual income of \$48,000-\$125,000 per household, regardless of household size and county. To more accurately account for these factors and avoid duplication with income qualified programs, we have redefined moderate income as households who do not qualify for income qualified weatherization programs up to the moderate-income level per household by county designated by the California Department of Housing and Community Development<sup>10</sup>. A second aspect of underserved communities are households that primarily speak a language other than English. Historically, these communities have been underserved by energy efficiency programs.

Moderate income households in the Bay Area are above the Energy Savings Assistance (ESA) programs and often do not receive information about potential energy savings measures in their primary language. Because of this, this population is consistently underrepresented in ratepayer energy efficiency programs in BayREN territory and across the state. The BayREN Single Family Moderate Income Market Characterization Study, completed in September 2018, identified key barriers to participation for the target market including financial barriers, low energy costs and expected savings, and renter status if applicable. The Home+ program offers solutions to customers to overcome these barriers.

The key objective of the Home+ program is to meet the underserved customers where they are and to offer incremental and affordable energy efficiency measures that are complementary to measures available through current mainstream program offerings.

An important program element continues to be utilizing the Home Energy Advisor service. This service is essentially a call center that customers can access to speak with an Energy Advisor. The Advisors assist both homeowners and renters and maintain a long-term relationship with the customers after they have assisted with the initial contact to see the customer through a full energy-efficiency journey. Energy Advisors also refer customers to complementary programs offered by utilities, Community Choice Aggregator (CCA) programs, Energy Watch, and other implementers; the Advisors also help customers understand their financing options. Additionally, the Energy Advisors assist Home+ Participating Contractors with understanding program requirements and when needed, help mediate issues that may arise with the customer and contractor.

To further address financial concerns facing moderate income households, BayREN is considering offering an additional rebate for certain measures for this population. The exact amounts and income qualification verification methods have yet to be determined but will be coordinated with the low-income qualified weatherization programs to facilitate referrals between programs. The anticipated launch date is July 2022.

In 2023, BayREN's program will continue to use an engaged Home Energy Advisor to walk customers step-by-step through the process and to direct them to a Participating Contractors to deliver energy savings to households. BayREN will continue to develop relationships with organizations and media who serve non-English speaking communities through in language webinars, printed collateral and information dissemination through trusted messengers as a means to reach this sector.

The Home+ program offers a menu of eligible measures including four fuel substitution measures: heat pump water heaters, heat pump heating and cooling, heat pump clothes dryers and induction cooktop/range. Customers can choose a single

<sup>9</sup> Defined as dwellings with less than five units and annual household income between \$48,000 to \$125,000. As provided in BayREN's Business Plan, this market segment is chronically underserved with energy efficiency programs.

<sup>10</sup> California Department of Community Services and Development, Low Income Home Energy Assistance Program Income Eligibility, <https://www.csd.ca.gov/Pages/LIHEAP-Income-Eligibility.aspx>

measure to upgrade, but they are encouraged to undertake multiple measures. These measures must be installed by a Home+ Participating Contractor, a group that is key to the Home+ program.

BayREN's contractor training is designed and in coordination with the Workforce Education and Training (WE&T) activities offered through the PG&E WE&T program, to ensure that efforts are not duplicated. BayREN also offers its contractors program related trainings and one-on-one trainings on an as needed basis. Following COVID-19 restrictions in 2020, BayREN developed an online portal of trainings to keep Participating Contractors engaged and to increase their technical knowledge. This platform will continue to be available to contractors in 2023.

The BayREN Workforce Education and Training program, as implemented by Rising Sun, seeks to address workforce needs and fill gaps in the labor market with Climate Careers, a youth workforce development program that focuses on youth, ages 15-24, from low-income households and with an emphasis on opportunity youth. The WE&T program offers opportunities to youth for personal autonomy, positive relationships with peers and adults, and a sense of meaning and purpose, all of which build personal resilience and prepares the new generation of workers. The program accomplishes this through three separate stages:

1. Earn and Learn:
  - a. Provides on the job soft skills training, installation training, teamwork, customer service, time management and more. All in service of the Green House Call program.
  - b. Provides upskilling and professional skill advancement through career panels, design challenges, environmental justice trainings, and professional development workshops covering topics such as resume writing, mock interviews, cover letters, networking, and financial management.
  - c. The Green House Call program simultaneously serves as a direct install energy efficiency program, as well as an outreach and customer acquisition mechanism for the BayREN Home+ program
2. Post Programmatic Pathways:
  - a. Upon completion of the Earn and Learn/ Green House Call portion of the program the Climate Careers program continues with paid internship placements.
  - b. Internship placements are with climate-related employers, not just EE contractors.
  - c. Placements enable participants to gain real life, first-hand career experiences in positions such as: contractors, researchers, educators, event coordinators, outreach associates, troubleshooters and marketers.
  - d. The intent is to enable youth to explore the wide variety of career options in climate-related fields, while building their resumes and preparing them for future workforce successes.
3. Future Placement
  - a. Upon completion of the Post Programmatic Pathways portion of the program the Climate Careers program will culminate, ideally, with full time employment opportunities with partner agencies.
  - b. The intent is to transition youth into full time opportunities with the same partners that provided them with internships.
  - c. The program will also increase the number of individuals with the needed soft skills and fundamentals required for long and successful careers in sectors experience a labor shortage.

One of the outreach channels for the Home+ program is an online self-evaluation tool available to customers. The tool asks customers basic questions about their home's characteristics and energy using equipment and qualifies them to receive an energy savings kit which may include: LED lamps, faucet aerators and Tier II advanced power strips depending on the customer's responses. The other outreach channel for the program is through Green House Calls, implemented by Rising Sun Center for Opportunity, which hires youth to perform energy audits. The Green House Calls are offered to targeted households; primarily seniors and households where English is not the primary language. Green House Calls involve a program representative performing a visual audit of an interested customer's home and installing some of the energy savings kit measures. Both channels direct customers to the broader Home+ program offerings, including the Home Energy Advisor service.

The BayREN Regional Heat Pump Water Heater (midstream) Program, funded by a grant from the Bay Area Air Quality Management District until June 2021, will continue to operate under the BayREN Single Family program through 2023. The engagement with manufacturers and distributors and the administration of the rebates provided by CCAs will continue in 2023 and potentially expanded with more CCAs joining in the effort.

Like all BayREN programs, outreach in 2023 will continue to be done primarily by local governments. This also allows for the seamless layering of other climate programs and activities including those offered by individual cities, counties and CCA programs. BayREN will continue to leverage local government electrification rebates and integrate those programs into one cohesive message based on the audience as they launch.

### MCE Program Summary (MCE08)

MCE's Home Energy Savings (HES) is a direct install program that provides no-cost health and energy savings kits, energy efficiency and building electrification ready home assessments, and home upgrades to eligible single-family (up to 4 attached units) homeowners and renters in MCE's service area. This program targets customers in Disadvantaged Communities ("DACs")<sup>11</sup> whose household income falls between 200-400% of the Federal Poverty Guidelines (FPG), a market sector that has been traditionally underserved. The target group's income exceeds the limit to receive services through programs like PG&E's Energy Savings Assistance ("ESA") Program and MCE's Low-Income Families and Tenants (LIFT) Program, yet are still income constrained (moderate income) and unable to participate in shared cost market rate programs. MCE will refer customers who fall outside of the moderate-income threshold to available low-income and market rate programs. The goal is to fill the service gap and introduce this market sector to the concepts of EE while providing energy upgrades and emerging technologies that reduce household energy consumption.

HES will also be leveraged to serve Contra Costa County's Asthma Mitigation Project clients. MCE has partnered with Contra Costa Health Services to expand HES income eligibility to include customers that are participating in the asthma initiative, to provide those customers with an expanded scope of services to mitigate the effects of asthma-causing environments.

MCE is a potential partner on the Richmond Advanced Energy Community (RAEC) grant—pending CEC approval of submitted documents. If approved, HES will be leveraged to serve customers that are receiving services funded by the RAEC grant. HES will expand its income eligibility to include customers that are RAEC grant participants, in order to provide those customers with an expanded scope of energy efficiency offerings.

### MCE Program Summary (MCE16)

According to MCE's 2017 Energy Efficiency Business Plan, the Workforce, Education and Training (WE&T) programs offered will "...help achieve deeper market penetration with expertise in multiple demand-side management technologies and ensure each project has high program quality standards. MCE will support the success of its energy efficiency programs with complementary workforce development and training."<sup>12</sup> MCE's Workforce, Education and Training (WE&T) program addresses these goals.

The Program is designed to leverage industry and stakeholder expertise and experience to provide:

1. Long-term, relevant education and training opportunities for the existing energy efficiency contractor workforce.
2. On-ramping opportunities for job seekers into sustainable and long-term career paths.

<sup>11</sup> Pursuant to Cal. Pub. Util. Comm'n, Environmental and Social Justice Action Plan version 2.0, (April 7, 2022), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

<sup>12</sup> *Marin Clean Energy Efficiency Business Plan*, January, 2017, p. 111

The WE&T program offers the following services to a variety of stakeholders:

1. Industry roundtables and ongoing outreach to EE industry professionals, workforce development groups, Community-Based Organizations, and local governments
2. Education and mentorship for contractors and EE professionals
3. Workforce development opportunities with local contractors and new job seekers

MCE contracted with the Association for Energy Affordability (AEA) and Strategic Energy Innovations (SEI) to implement this program for Program Years 2020-2023.

Building electrification and EE contractors, job seekers and the general public can participate in MCE’s WE&T program. MCE regularly coordinates on WE&T program offerings with PG&E. MCE will continue to coordinate on education and training offerings common to PG&E, BayREN and MCE program contractors and end users. MCE’s WE&T program’s offerings include field meetings with contractors, online and in-person electrification educational workshops, and other home performance topics.

*Table 1: Comparable BayREN and MCE Single-Family Programs*

Program Name	BayREN	MCE Programs under BayREN Territory	
	BayREN Home+	SF Direct Install, or HES	Workforce Education and Training
Eligible Measures/Offerings	Duct Sealing, Attic and Wall Insulation, HVAC Equipment Upgrades, Smart Thermostats, Gas Storage Water Heaters and Heat Pump Water Heaters, Heat pump Clothes Dryers, Induction Cooktop/Ranges, LED Lamps, Water Faucet Aerators, Low Flow Showerheads, Tier II Power Strips, Single measure upgrades.	Bathroom ECM Fan & LED Light Fixture, Central Air Conditioner, Central Brushless Fan Motors, Deeply Buried Ducts, Duct Sealing, Gas Furnace, Heat Pump, Heat Pump Water Heater, Smart Thermostat, Storage DHW Heater, Attic Insulation & Air Seal, Wall Insulation, Fuel Sub Heat Pump Water Heater, Fuel Sub Heat Pump HVAC, Fuel Sub Heat Pump Mini Split, Faucet Restrictors, Low Flow Shower Head, Low Flow Shower Head with Thermostatic Shower Valve, Pipe Wrap.	Building Electrification Workshops, Field Meetings with Contractors, Support for Job Seekers, Contractor-job seeker matchmaking.
Incentive	Bonus incentives offered to downsizing equipment, combining shell and HVAC measures, building air sealing and Combustion Appliance Safety (“CAS”) testing	No-cost direct install	N/A
Savings Claim Type	Savings will be deemed per measure based in CPUC approved work papers	Savings will be deemed per measure based in CPUC approved work papers	N/A



<b>2023 Budget</b>	\$9,972,446	\$2,384,874	\$695,580
<b>Target Customer</b>	Moderate-income households (owners and/or renters) <sup>13</sup> , non-native English-speaking households	Targeted to customers in disadvantaged communities (DACs), household income exceeds 200% of the FPG	EE and electrification contractors, job seekers, general public
<b>Target Implementer</b>	Specialty contractors	Direct Install Contractor	EE/electrification trainers
<b>Resource/Non-Resource</b>	Resource	Resource	Non-resource

<sup>13</sup> Now defined as households who do not qualify for income qualified weatherization programs up to the moderate-income level per household by county designated by the California Department of Housing and Community Development, <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/income-limits-2021.pdf>

### Program Differences and Coordination Protocols

Although the BayREN Home+ program and the MCE HES program share some of the same measures, the method of delivery and program design are unique. The Home+ program requires a homeowner to find a participating contractor to complete upgrades where rebates will cover some but not all the costs. Because of this, the household income of participants is usually above the 400% of FPG requirement of the MCE HES program. Conversely, the MCE HES program pays all the costs of the project, targeting lower moderate-income households, who often cannot afford to participate in the Home+ program.

MCE and BayREN will coordinate on outreach to minimize potential customer confusion and optimize the customer benefits. Customers that do not qualify for MCE programs will be directed to BayREN Home Energy Advisors for further assistance. For the customers where a MCE program would better suit their needs, they will be referred to MCE. Integrated outreach materials will be developed to reach customers who qualify for MCE’s HES program as well as BayREN Green House Calls; Home+ rebates. Appropriate referrals will be made to each other’s programs when appropriate as outlined below.

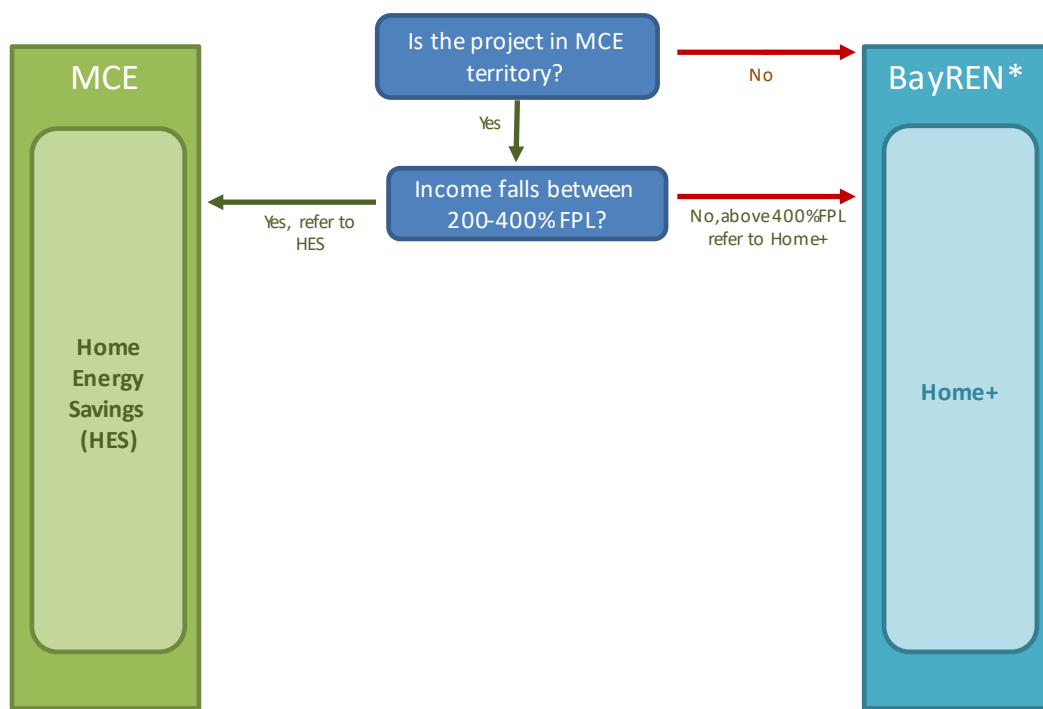


Figure 1: MCE/BayREN Single Family Program Referral Tree

\*MCE and BayREN also coordinate on programs and activities that are outside of the EE portfolio.

Currently, the BayREN Home + program coordinates with PG&E on contractor training on building electrification and promotes MCE trainings when available. BayREN will continue to refer relevant contractors and end users to MCE trainings when appropriate.

For general program coordination, BayREN and MCE’s single family residential teams will continue to hold regular check-in calls. Ad-hoc meetings will also be scheduled to accommodate the potential need to resolve any urgent issues that may arise. Standing agenda items include program updates, uptake, challenges, contractor issues, data transfer, and marketing campaign plans. Through their respective

implementers, program participation data will be shared on a regular basis to ensure that double-dipping does not occur.

### Compliance

The following table describes in further detail how BayREN’s Home+ program satisfies the REN criteria in D.12-11-015.

*Table 2: BayREN Home+ Program's Compliance with D.12-11-015*

REN Criteria	BayREN Compliance
1. Activities IOU or CCA cannot or does not intend to undertake	34% of Bay Area single family owners/renters comprise the defined moderate-income market. They do not qualify for ESA or other programs available to income qualified low earning households. Although both programs target the moderate-income market, MCE’s program is direct install and specifically targets low-moderate income customers.
2. Pilot activities where there is no IOU or CCA program offering and where there is potential for scalability	Not applicable
3. Activities in hard-to-reach markets, whether or not there is an IOU or CCA program that may overlap	The definition in D.18-05-041 precludes most Bay Area properties from being considered hard-to-reach. Therefore, BayREN and MCE programs that are open to all single-family properties cannot be considered hard-to-reach in the Bay Area.

## Residential – Multifamily

### BayREN Program Summary (BayREN02)

The Bay Area Multifamily Building Enhancement (BAMBE) program offers multifamily property owners a flat, per-unit incentive to undertake multiple EE measures that achieve 15% energy savings on average. BAMBE is accessible to property owners that do not have the interest or ability to do a comprehensive audit and retrofit. The program supplies no-cost technical assistance (TA) to guide the property owner through the process from initial interest to project completion and quality assurance of the installed measures. BAMBE developed and uses a simplified, lower cost assessment tool called EnergyPro Lite (EPL) to determine which measures meet the minimum energy savings requirement.

BAMBE also offers an electrification option, the Clean Heating Pathway (CHP), which is designed for properties that wish to demonstrate climate leadership by deeply reducing the carbon emissions from energy use in their buildings. CHP participants will receive incentive adders for switching from gas fueled space heating, water heating and cooking appliances to cleaner, highly efficient electric alternatives.

BayREN also provides a Loan Referral Service (LRS) that directs properties to appropriate sources of financing. The LRS refers properties to private sector financing products and PG&E’s OBF program.

### MCE Program Summary (MCE01)

The Multifamily Energy Savings Program (MFES) provides residential energy efficiency and electrification improvements to affordable multifamily properties in the MCE service area. The intent of the program is to support vulnerable communities, particularly those who have been traditionally underserved. MFES will continue to be implemented by the Association for Energy Affordability (AEA) and seeks to fund energy efficiency and electrification measures for deed-restricted properties. It will also continue co-leveraging as many funding opportunities to provide comprehensive, beneficial whole building upgrades.

For example, MFES was designed to complement MCE’s Low-Income Families and Tenants (LIFT) Pilot Program, authorized in D.16-11-022, by providing funding to affordable properties where not all units qualify for LIFT incentives. LIFT provides comprehensive services and supports fuel switching from gas to electric heat pumps for cleaner and safer energy use. Income-qualified multifamily properties can layer incentives from LIFT on MFES program rebates. With this model, MFES will support beneficial property-wide upgrades for all tenants who live in deed-restricted affordable housing.

MFES services will include no cost property assessments, project scope development, and program assistance throughout the project lifetime. The program will also offer no-cost energy efficiency and electrification measures.

The desired outcome of the program is to address market barriers by providing:

- Customized technical assistance to overcome challenges associated with the diversity of building types, ownership types, and billing configurations, and to provide assistance with analyzing potential upgrade measures
- Guidance through the initial assessment of multiple measure upgrade opportunities throughout the property
- A range of participation options to best meet the current energy needs and abilities of properties
- Bridge the funding gap between multifamily units that qualify for LIFT or ESA incentives and the rest of the property to promote a comprehensive and equitable whole-building upgrade

*Table 3: Similar BayREN and MCE Multifamily Programs*

	BayREN	MCE
<b>Program Name</b>	Bay Area Multifamily Building Enhancement (BAMBE)	Multifamily Energy Savings
<b>Eligible Measures</b>	Envelope, HVAC, Domestic Hot Water (“DHW”), lighting, and appliance measures – requires multiple measures, targeting 15-20% savings.	Whole Building
<b>2023 Budget</b>	\$6,901,930	\$971,459
<b>Target Audience</b>	Bay Area multifamily property owners requiring a higher level of program assistance, populations and ownership types in which it has been harder to obtain savings, and owners pursuing gas-to-electric upgrades.	MF property owners in MCE’s service area.

BayREN		MCE
Resource/Non Resource	Resource	Resource

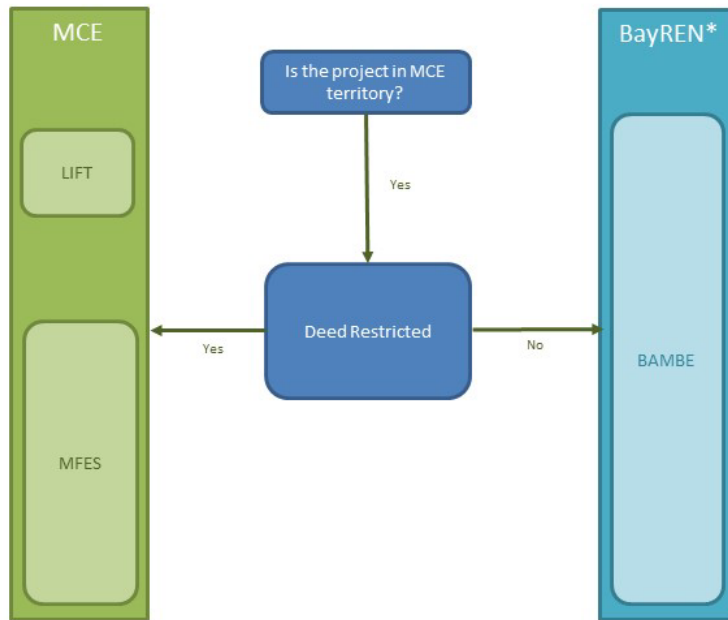
### Program Differences and Coordination Protocols

BayREN and MCE both offer multifamily programs in the Bay Area; however, they serve and target different property owner types. BayREN’s program will prioritize populations for which it has been difficult to obtain savings – this includes small properties containing less than 100 units, naturally occurring properties in low income and disadvantaged communities, and nontraditional ownership structures such as Homeowner Associations (“HOAs”) and co-ops. MCE’s MFES program offers no-cost upgrades to deed-restricted affordable properties and LIFT participating units that do not qualify for the LIFT program.

MCE is rolling out a multifamily residential strategic energy management (“SEM”) program that focuses primarily on behavioral, retro-commissioning, and operational measures. BayREN and MCE program staff will coordinate on developing a process that ensures that savings are not double counted when an SEM participant is a past or current enrollee in BAMBE.

BayREN and MCE multifamily programs will coordinate to minimize potential customer confusion and optimize customer benefits. The program implementers will determine if a project is a better fit for MCE, BayREN, or a combination of the two when possible, utilizing the rationale outlined in Figure 2 below. The programs will coordinate to minimize customer confusion, and outreach strategies and plans and strategies developed will be shared and discussed prior to implementation.

2023 Multifamily EE and LI Program Referral Tree – MCE/BayREN/PG&E



\*The Program Administrators represented in this referral tree also coordinate on MCE’s Strategic Energy Management program, and programs and activities that are outside of the EE portfolio.

Figure 2: Multifamily EE and Low-Income Program Referral Tree - MCE/ BayREN/ PG&E

As outlined in the referral tree above, BAMBE will refer deed restricted properties that are eligible for LIFT to MCE, and MCE will refer projects not eligible for LIFT to BAMBE.

Compliance

The following table describes in further detail how BayREN’s Multifamily program satisfies the REN criteria outlined in D.12-11-015.

Table 4: BayREN Multifamily Program's Compliance with D.12-11-015

REN Criteria	BayREN Compliance
1. Activities IOU cannot or does not intend to undertake	BayREN is focused on serving multifamily owners that and need more personal attention and assistance to participate in energy efficiency programs.

REN Criteria	BayREN Compliance
<p>2. Pilot activities where there is no IOU program offering and where there is potential for scalability</p>	<p>BayREN is focusing on decarbonization of multifamily building operations through the BAMBE Clean Heating Pathway. If the pathway is successful, program components have the potential to scale the volume of gas-to-electric upgrades.</p>
<p>3. Activities in hard-to-reach markets, whether or not there is an IOU program that may overlap</p>	<p>The definition in D.18-05-31 precludes almost all Bay Area properties from being considered hard-to-reach. Therefore, BayREN and MCE programs that are open to all multifamily properties cannot be considered hard-to-reach in the Bay Area.</p>

## Non-Residential Sector Coordination

### Non-Residential – Commercial

#### BayREN Program Summary (BayREN06)

The BayREN Small and Medium Commercial Buildings (SMCB) program consists of the BayREN Business subprogram. BayREN Business is a normalized metered energy consumption (NMEC) program. Due to adverse economic impacts from the pandemic, BayREN Business re-launched in January 2021 using a single implementer model. In January 2022, the program began a transition to using multiple implementers on Recurve’s Demand FLEXMarket (FLEXMarket). Through the FLEXMarket, BayREN Business will work with multiple aggregators to deliver whole building EE solutions focusing exclusively on Hard-to-Reach (HTR) businesses of properties under 50,000 square feet (sf) or with energy use of less than 500,000 kWh or less than 250,000 therms annually. BayREN Business uses data-driven targeting to identify customers in this category and provide comprehensive technical assistance and bundled measure packages that will be attractive to those customers.

Within MCE territory, BayREN Business will only focus on HTR businesses. A commercial customer is considered HTR if the business is located in a Disadvantaged Community (DAC) and meets one of the criteria below. Or, if the business is outside of a DAC, the customer is considered HTR by meeting all the criteria below:

- Language – primary language spoken is other than English
- Size – less than 10 employees and/or classified as “Very Small” (customer whose annual electric demand is less than 20 kW or whose annual gas consumption is less than 10,000 therms)
- Leased or rented facilities – Investments in improvements to a facility rented or leased by a participating business customer

**Energy Savings** - BayREN Business will continue to deploy EE technical assistance and easy-to-understand incentives, to serve HTR micro, small and medium (less than 50,000 sf or with energy use of less than 500,000 kWh or less than 250,000 therms annually) Bay Area commercial buildings, and the business tenants within. Micro and small businesses that are HTR will have access to program referrals to

other utility and CCA EE programs, as well as Mission Asset Fund’s suite of small business loans. By working with the BayREN Business program’s aggregators and Building Performance Advisor, business and property owners, as well as property managers, will receive easy-to-access technical assistance that will specialize in bundling cost-effective measures.

**Program Referral** – BayREN Business recognizes that not all small and medium businesses (SMBs) are ideal candidates for a NMEC program experience or fit the HTR definition. For instance, to be eligible for BayREN Business, the potential program participant’s energy consumption baseline must be stable. An unstable baseline could adversely impact energy savings performance in the future. Therefore, instead of NMCE, such businesses would be best served by direct-install or point-of-sale rebate programs. As such, BayREN Business, acting through its Building Performance Advisor<sup>14</sup>, endeavors to provide referrals to complimentary EE and financing programs (e.g. MCE’s current commercial program to the benefit of the customers). Program referrals serve to help other utility and CCA programs achieve the five percent small commercial penetration target in D.18-05-041.<sup>15</sup>

### MCE Program Summary (MCE02)

MCE’s Commercial Upgrade Program (MCE02x) targets commercial customers in MCE’s service area. New for 2022-2023, MCE organized its Commercial Program into participation pathways, with each pathway constituting its own program. In addition, MCE will be launching an equity-focused<sup>16</sup> Commercial Program in early 2023, following a program design and solicitation phase in late 2022. The program IDs below refer to the following Commercial programs:

- MCE02A – Commercial Deemed
- MCE02B – Commercial Custom
- MCE02C – Commercial Strategic Energy Management
- MCE02D – Commercial Marketplace
- MCE17 – Commercial Equity

MCE delivers the Commercial Program through partnerships with three different implementers – and each partner focuses on different customer sub-groups and delivery pathways in contributing to the overall Program goals. Collectively, the Commercial Upgrade Program serves nearly any non-residential customer within MCE’s service area, and leverages custom, deemed, Normalized Metered Energy Consumption (“NMEC”) and Strategic Energy Management (“SEM”) participation pathways. The Commercial Equity Program is actively in development and will launch in early 2023.

In terms of budget and impact, the most significant component program is the MCE Commercial Efficiency Market –which leverages population-level NMEC, and scales up investment in energy efficiency projects within MCE’s service area. The Commercial Efficiency Market a simple and flexible pathway for aggregators to participate. The program provides aggregators flexibility in determining cost-sharing (incentive payments) arrangements with customers. Payments to aggregators are grounded in the cost-effective value of their projects – which is made possible by forecasting the avoided cost value of a project,

<sup>14</sup> The BayREN Building Advisor is a neutral, third-party advisor that provides technical assistance and program referrals – including programs of other program administrators – to small, medium and hard-to-reach businesses.

<sup>15</sup> D.18-05-041, p. 28.

<sup>16</sup> Designed to promote achievement of goals pursuant to Cal. Pub. Util. Comm’n, Environmental and Social Justice Action Plan version 2.0, (April 7, 2022), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.



subtracting participant costs and administration costs, with the remaining value then paid to the aggregator once the forecasted savings are realized at the meter. This incentivizes aggregators to pursue energy efficiency projects that can deliver load-shape optimized energy efficiency.

Under the Marketplace model MCE does not contract individually with participating aggregators. Similar to a midstream or upstream program design, the program does not mandate pre-determined customer rebates or cost-share mechanisms. MCE expects continued expansion of the Commercial Energy Efficiency Market in 2023, as it is positioned squarely as a resource program aimed at delivering cost-effective savings at scale.

MCE also continues to serve the small and medium business community (“SMB”) and large commercial sector via deemed, custom and SEM engagement. These sectors are served through two implementation partners with a long track record of high-quality project development with these customer sub-groups. Their work offers MCE an opportunity to provide value-add services in project design, measure selection, energy management training, and support in the identification of financing resources and contractors. Eligible measures may include interior and exterior LED luminaires and lamps, networked lighting controls, connected thermostats, HVAC equipment, advanced rooftop controllers, ductless heat pumps, heat pump water heaters and more, which may apply to customers in retail, office, and other non-residential building types.

*Table 5: Comparable BayREN and MCE Commercial Programs*

	BayREN	MCE
<b>Program Name</b>	BayREN Business	Commercial Upgrade Program
<b>Eligible Measures</b>	Advanced Metering Systems, Boiler Plant Improvements, Energy Management Control System, Building Envelope Modifications, Electric Motors and Drives, Energy/Utility Distribution Systems, Energy Related Process Improvements, Lighting Improvements, HVAC maintenance and replacement, Air Ionization Systems (to reduce build up at fan coils), Appliance and Plug-Load Reductions, Refrigeration & Food Service Equipment, Water and Sewer Conservation Systems	Lighting and lighting controls, appliances, HVAC, Plug Load, Refrigeration, Water Heaters, Evaporator Fans, ECM Motors, VFDs, ASH controls, Advanced digital economizers, Refrigeration controls, Cooler doors, Electric motors
<b>2023 Budget</b>	\$ 3,956,347	\$6,784,863
<b>Target Audience</b>	Business and Property Owners and Managers of small and medium commercial buildings in the Bay Area with more than 50% of its floor-space used for non-residential activities, up to 50,000 sq-ft, <500-kW Demand, and <250,000 Therms, and their contractors	All commercial customers in MCE’s service area.
<b>Resource/Non-Resource</b>	Resource	Resource

### Program Differences and Coordination Protocols

While BayREN and MCE both offer programs targeting SMBs, the programs have several differentiating factors. The key differentiators for BayREN Business include the following: a specific focus on small business sectors including retail, professional offices, restaurants, gyms/multi-use buildings, and grocery/corner stores (under 50,000 sq ft); predictive energy model based targeting; the non-On-Bill Financing (“OBF”) options; and an incentive structure that provides upfront incentives based on modeled savings estimates followed up by incentives for metered savings in compliance with Commission-approved NMEC methods.

MCE’s commercial program, on the other hand, serves all non-industrial and agricultural businesses, including, but not limited to, SMB customers. MCE’s program provides 4 different pathways for participation: deemed, custom, NMEC and SEM. MCE does not offer a site-specific NMEC pathway but is instead leveraging population-level NMEC under its Commercial Energy Efficiency Market sub-program.

For general program coordination, the BayREN and MCE program managers will continue monthly calls to ensure complimentary program development, identify areas of potential coordination, and to eliminate potential double-dipping on ratepayer funds. Specifically, BayREN and MCE will share lists of projects (in MCE service territory) underway to prevent double-dipping. Coordination between BayREN, MCE and PG&E third-party programs are detailed in each program’s Implementation Plan (IP) filed here: <https://cedars.sound-data.com/>. BayREN and MCE will follow the IPs as guidance for how to reduce any possible customer confusion and avoid double-dipping if a customer was previously served. To simplify the process of avoiding double-dipping, BayREN Business and MCE’s Commercial Upgrade Program will not serve any customer who has participated in a ratepayer-funded EE rebate program during the twelve months of the customer’s baseline period.

Notably, the business models of the programs are different. MCE’s NMEC program is focused on the procurement of cost-effective energy efficiency: rather than provide set incentive levels, payment rates, or qualifying products, the program pays on the Avoided Cost Calculator (“ACC”) value of a project. This provides a pathway for a relatively diverse group of participating vendors and offers meaningful flexibility to those vendors in determining the customers and reasonable measures.

On the other hand, BayREN Business relies on multiple aggregators to deliver energy savings at a fixed fuel-price by measure. BayREN Business focuses on five sectors: professional offices, corner/grocery stores, retail, restaurant, and gyms/multi-purpose sites. Finally, BayREN Business has a focus on HTR, and expects at least 25% of the 2023 projects to comply with CPUC’s HTR definition.

### Compliance

Table 8 describes in further detail how BayREN SMCB program satisfies the REN criteria in D.12-11-015.

*Table 6: BayREN Small and Medium-Sized Commercial Program Compliance with D.12-11-015*

REN Criteria	BayREN Compliance
1. Activities IOU/CCA cannot or does not intend to undertake	Not applicable

<p><b>2. Pilot activities where there is no IOU/CCA program offering and where there is potential for scalability</b></p>	<p>BayREN provides more technical assistance, is specifically targeted to SMBs under 50,000 sq-ft, and would be the only currently active program that combines both upfront computer-modeling incentives and backend NMEC incentives to develop a comprehensive project for the SMB sector.</p> <p>The subprogram has the potential for scalability by heavily leveraging local and regional resources (e.g. downstream and midstream programs, OBF, microloan).</p>
<p><b>3. Activities in hard-to-reach markets, whether or not there is an IOU/CCA program that may overlap</b></p>	<p>The BayREN Business programs are designed to harvest sizable amounts of energy savings cost-effectively in the SMB sector, many of which will be HTR. For example, strip mall lessees and individual lessees in small and medium-sized office parks and mid-rises are often HTR-eligible.</p> <p>The Microloan component of the program is specifically targeted to help the region’s DI and downstream programs reduce the barrier in micro businesses, many are eligible under the modified definition of HTR, per D.18-05-041.</p>

## APPENDIX A: BayREN Program Compliance with D.12-11-015

Check D.12-11-015 Threshold Criteria that apply for each program	Comparable MCE Program if applicable	1. Activities that utilities cannot or do not intend to undertake.	2. Pilot activities where there is no current offering, and where there is potential for scalability to a broader geographic reach, if successful.	3. Pilot activities in hard to reach markets, whether or not there is a current utility program that may overlap.
BayREN Single Family (BayREN08)	Single Family Direct Install (MCE08)	XX	XX	
BayREN Green Labeling (BayREN07)	N/A	XX	XX	
BayREN BAMBE (Multifamily) ((BayREN02)	Multifamily Comprehensive (MCE01)	XX	XX	
BayREN Commercial (BayREN06)	Commercial Upgrade (MCE02)		XX	XX
BayREN Codes and Standards (BayREN03)	N/A	XX	XX	
BayREN Water Energy Nexus (BayREN04)	N/A	XX	XX	

## APPENDIX B: BayREN 2023 Program Portfolio Summary

REN Program Unique ID	Sector	2023 Program Budget	Eligible Measures
BayREN Single Family (BayREN08)	Residential	\$9,972,446	Duct sealing, attic and wall insulation, HVAC equipment upgrades, Smart thermostats, gas storage water heaters and heat pump water heaters, heat pump clothes dryers, induction cooktop/ranges, LED lamps, water faucet aerators, low flow showerheads and Tier II power strips. Single measure upgrades allowed.
BayREN Green Labeling (BayREN07)	Residential	\$1,321,750	N/A
BayREN BAMBE (Multifamily) (BayREN02)	Residential	\$6,901,930	Envelope, HVAC, DHW, lighting, and appliance measures – requires multiple measures, targeting 15-20% savings.
BayREN Commercial (BayREN06)	Commercial	\$3,956,347	Advanced Metering Systems; Boiler Plant Improvements; EMCS; Building Envelope Modifications; Chilled Water, Hot Water, and Steam Distribution Systems; Chiller Plant Improvements; Electrical Peak Shaving/Load Shifting; Electric Motors and Drives; Energy/Utility Distribution Systems; Energy Related Process Improvements; Lighting Improvements; HVAC maintenance and replacement; Appliance and Plug-Load Reductions; Refrigeration & Food Service Equipment; Water and Sewer Conservation Systems
BayREN Codes and Standards (BayREN03)	Cross Cutting	\$1,799,350	N/A
BayREN Water Energy Nexus (BayREN04)	Cross Cutting	\$1,663,850	<p>Water efficiency upgrades that also deliver energy savings (site and embedded) through the water-energy nexus. Measures are “eligible” to be included as part of a program participant’s on-bill charge. Measures are not limited to energy efficiency eligible measures (EEEMs). Measures are not eligible for BayREN Energy Efficiency Portfolio rebates. IOU rate-payer funds are not used to underwrite or directly finance measure installation.</p> <p>Eligible measures will include, but may not be limited to:</p> <ul style="list-style-type: none"> <li>• A 1.06 gallon per flush or better toilet with a Maximum Performance (MAP) rating of 600 grams or more.</li> <li>• A high efficiency (typically 1.5 gallon per minute) showerhead.</li> <li>• A 1.0 gallon per minute bathroom faucet aerator.</li> <li>• A 1.5 gallon per minute kitchen faucet aerator.</li> </ul> <p>Turf removal and irrigation system improvements to prepare sites for drought tolerant landscaping.</p>

## APPENDIX C: MCE 2023 Program Portfolio Summary

<b>IOU Program Unique ID</b>	<b>Sector</b>	<b>2023 Program Budget</b>	<b>Eligible Measures</b>
<b>Multifamily Energy Savings (MCE01)</b>	Residential	\$971,459	Whole Building
<b>Multifamily Strategic Energy Management (MCE01a)</b>	Residential	\$759,576	Behavioral, Retrocomissioning, and Operational
<b>Commercial (MCE02a-d)</b>	Commercial	\$6,784,863	Lighting, Appliances, HVAC, Plug Load, Refrigeration, Custom, Lighting Controls, Whole Building, Water Heaters
<b>Commercial Equity (MCE17)</b>	Commercial	\$687,666	Lighting, Appliances, HVAC, Plug Load, Refrigeration, Custom, Lighting Controls, Whole Building, Water Heaters
<b>Single Family Home Energy Reports (MCE07)</b>	Residential	\$523,511	Lighting, Appliances, HVAC, Plug Load, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
<b>Single Family Home Energy Savings (MCE08)</b>	Residential	\$2,384,874	Lighting, Appliances, HVAC Controls, Water Heaters, low flow showerheads, shower restriction valve (TSV), kitchen and bath aerators, electric heat pump
<b>Industrial (MCE10a-d)</b>	Industrial	\$1,144,443	Lighting, HVAC, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
<b>Agricultural (MCE11a-d)</b>	Agricultural	\$796,273	Lighting, HVAC, Refrigeration, Custom Measures, Lighting Controls, HVAC Controls, Whole Building, Water Heaters
<b>Workforce, Education, and Training (MCE16)</b>	Cross-Cutting	\$695,580	n/a