

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company for Approval of 2024-2031
Energy Efficiency Business Plan and
2024-2027 Portfolio Plan.

Application 22-02-005

And Related Matters.

Application 22-03-003
Application 22-03-004
Application 22-03-005
Application 22-03-007
Application 22-03-008
Application 22-03-011
Application 22-03-012

**THE PUBLIC ADVOCATES OFFICE
PETITION FOR MODIFICATION OF D.23-06-055**

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I. INTRODUCTION

Pursuant to Rule 16.4(a) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this Petition for Modification of D.23-06-055. Decision (D.) 23-06-055 approved a motion submitted by the Redwood Coast Energy Authority (RCEA),¹ on behalf of RuralREN, for a new Regional Energy Network (REN), with a budget of over \$84 million.² However, since the Commission approved RuralREN, a serious dispute has arisen within RuralREN as to RCEA's status as the Program Administrator (PA).

RCEA submitted a Petition for Modification of D.23-06-055 on December 15, 2023.³ Cal Advocates submitted a response to RCEA's Petition for Modification that details multiple concerns with RCEA's proposed significant departure from the REN approved by the Commission in D.23-06-055.⁴ As Cal Advocates explains in its response, RCEA's proposed changes are so substantial that they effectively constitute a request for an entirely new REN.⁵ Therefore, Cal Advocates' response urges the Commission to reject RCEA's Petition for Modification.⁶

Cal Advocates now files its own petition for modification of D.23-06-055 in order to halt funding of RuralREN. The serious internal disputes that have arisen with regard to the administration of RuralREN call into question whether the REN can effectively deliver services to customers. In order to protect ratepayers from funding an ineffective

¹ *Motion of Redwood Coast Energy Authority on Behalf of the Rural Regional Energy Network for Approval of Energy Efficiency Portfolio Application*, R.13-11-005, (March 4, 2022). [Hereinafter RCEA Motion, or RCEA on Behalf of RuralREN].

² D.23-06-055, Table 7, at 93.

³ *Redwood Coast Energy Authority's Petition for Modification of D.23-06-055* (Dec. 15, 2023).

⁴ *Response of the Public Advocates to Redwood Coast Energy Authority's Petition for Modification of D.23-06-055* (Jan. 25, 2024) [Hereinafter Cal Advocates' Response].

⁵ Hereinafter Cal Advocates' Response at 9.

⁶ Cal Advocates Response at 1, 8-9.

program, the Commission should modify D.23-06-055 to halt implementation of RuralREN.

II. BACKGROUND

D.23-06-055 approved RuralREN’s EE Portfolio Plan and authorized a budget cap of \$84,209,480 for program years 2024-2027.⁷ RuralREN was to be led by a governing board, or “Leadership Team,” with membership comprised of one representative from each partner organization.⁸ RCEA was to act as the Program Administrator responsible for filing regulatory documents, reporting to the Commission, representing RuralREN, managing portfolio-wide procurement and contracts, overseeing budgets, and coordinating with Investor Owned Utilities (IOU) on invoices and regulatory requirements.⁹

However, a major dispute has arisen within RuralREN’s governing Leadership Team, apparently focused on RCEA’s status as PA. This dispute was first made apparent to the Commission via a series of emails to the R.13-11-005 service list that referenced changes to the administration of RuralREN and a dispute as to which party has the right to submit Commission filings on behalf of RuralREN.¹⁰ In response, on December 19, 2023, Administrative Law Judge (ALJ) Fitch issued *Email Ruling regarding RCEA’s Procedural Email regarding RuralREN’s Portfolio Administrator* (ALJ Ruling).¹¹ The ALJ Ruling instructs RCEA to cease sending emails that question the designated administrator for RuralREN, and for all IOUs to refrain from finalizing

⁷ D.23-06-055, Table 7, at 93.

⁸ RCEA Motion at 8.

⁹ RCEA Motion at 8.

¹⁰ ALJ Ruling at 21-22.

¹¹ *Email Ruling Ordering the Redwood Coast Energy Authority to Cease Sending Procedural Emails on the Question of the Designated Administrator for Rural Regional Energy Network and Ordering All Investor-owned Utilities to Refrain from Finalizing Any Contracts or Funding with Any Entity Representing Itself as the Administrator for Rural R.E.N., as Described in Decision 23-06-055, “ALJ Ruling,” R.13-11-005, December 19, 2023, at 10-12.*

any contracts or funding for RuralREN until the Commission resolves the disputed issues.¹²

Several days prior to the ALJ's Ruling, on December 15, 2023, RCEA submitted a petition for modification of D.23-06-055 (RCA's PFM). RCEA's PFM proposes a bevy of changes to the REN approved in D.23-06-055. Chiefly, the RCEA PFM proposes to:

- Cut RuralREN's service territory and populations served by more than half;
- Reduce RuralREN's budget to support only the remaining programs;
- Excise multiple approved partner organizations from RuralREN's membership such as the Association of Monterey Bay Area Governments and the County of San Luis Obispo; and
- Cut the equity segment of its program by 70%.

Cal Advocates filed a response to RCEA's PFM on January 25, 2024, which urges the Commission to reject RCEA's PFM. As explained by Cal Advocates, RCEA's proposed changes are so substantial that they effectively propose the creation of an entirely new REN.¹³ Cal Advocates' response explains its concerns with multiple aspects of RCEA's proposed changes. This includes RCEA's proposal to shift away from the equity-focused REN that the Commission approved in D.23-06-055.¹⁴ Cal Advocates' response likewise explains that the Commission should reject RCEA's PFM, and instead require that the programs and budget be submitted in an application.¹⁵

III. DISCUSSION

Cal Advocates now files its own petition for modification of D.23-06-055 in order to address the need to halt implementation of the RuralREN program. The dispute within RuralREN calls into question whether the energy efficiency program can be effectively

¹² ALJ Ruling, R.13-11-005, December 19, 2023.

¹³ Cal Advocates' Response at 5-9.

¹⁴ Cal Advocates' Response at 7-9.

¹⁵ Cal Advocates' Response at 9.

administered. Indeed, the original project proponent, RCEA, has determined that “the RuralREN Program, as originally proposed, is no longer viable.”¹⁶ As such, the Commission should modify D.23-06-055 to halt all funding of the RuralREN program and afford RCEA – or another would-be administrator of the program – the option to file an application for creation of a new REN.

A. The ALJ’s Ruling is a good first step to address the dispute within RuralREN.

The ALJ Ruling pointed to a series of emails from RCEA on Notices from the County of San Luis Obispo (SLO) that concern the leadership of RuralREN.¹⁷ The ALJ Ruling states that “[i]t is clear that there is a dispute as to the leadership of the Rural Regional Energy Network (Rural REN),” and “[t]he appropriate way to change the designated administrator is through a Petition to Modify D.23-06-055.”¹⁸ Ultimately, the ALJ Ruling determined that:

Until the question of any potential change to the administrator for Rural Regional Energy Network (REN) or a change to the geographic area to be served by Rural REN is resolved by the Commission, all investor-owned utilities shall refrain from finalizing any contracts or funding with any entity representing itself as the administrator for Rural REN as described in Decision 23-06-055.

The ALJ’s Ruling makes clear that ratepayers must be protected from funding a program that appears not to currently have an effective Program Administrator.

RCEA has demonstrated that the program as envisioned and approved by the Commission is no longer viable.¹⁹ Under these circumstances, the appropriate remedy is to modify the Commission’s original approval of the REN in D.23-06-055. Specifically, the Commission should modify D.23-06-055 to halt all implementation and funding of RuralREN.

¹⁶ PFM at 1.

¹⁷ ALJ Ruling at 1.

¹⁸ ALJ Ruling at 1.

¹⁹ PFM at 1.

Modifying D.23-06-055 in this manner would prevent the use of ratepayer funds for an energy efficiency program that functionally no longer exists.

B. RuralREN’s internal dispute calls into question whether the program can be effectively administered.

The leadership of RuralREN is in dispute. Until the leadership of RuralREN is resolved, RuralREN’s programs cannot meet the goals of a REN program and thus should not be implemented.

It is paramount that the Commission ensure that an energy efficiency Program Administrator has strong governance, along with the expertise and stakeholder relationships to effectuate its programs. While RuralREN’s leadership is in dispute, RuralREN cannot and should not continue to implement its EE programs. RCEA itself acknowledges that there is no prospect of compromise on the leadership dispute within RuralREN and thus RuralREN’s Programs, as approved by the Commission, are no longer viable.²⁰ The Commission should halt implementation of RuralREN’s programs and instruct all IOUs to refrain from finalizing all contracts or funding for RuralREN.²¹

C. D.23-06-055 should be modified to remove approval of the RuralREN program.

The Commission should modify D.23-06-055 to remove the discussion on RuralREN’s then-proposed program.²² Tables 7 through 10, located on pages 92 to 95 of the decision, should also be modified to exclude budgets for RuralREN.

Finally, the following changes should be made to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs:

~~Finding of Fact 8. The communities served by the R-REN proposal face significant equity and development challenges compared to the rest of the state. They are also geographically diverse and overlap with areas covered by several other PAs.~~

~~Conclusions of Law 16. RCEA’s proposal for R-REN meets the criteria outlined in D.12-11-015 and D.19-12-021 and~~

²⁰ PFM at 1-2.

²¹ ALJ Ruling at 11-12.

²² D.23-06-055 at 18-25 (Section 4: RuralREN).

should not be approved. ~~R-REN's program proposals, budgets, and funding authorizations in Table 6 are reasonable, in the public interest, and make a unique contribution to the state's energy efficiency goals.~~

~~Ordering Paragraph 8:~~

~~The proposal for a Rural Regional Energy Network (R-REN) filed by the Redwood Coast Energy Authority is approved and funded as detailed in Tables 5 and 6 of this decision. R-REN shall submit three separate joint cooperation memos (JCMs):~~

- ~~1. (a) A JCM with Pacific Gas and Electric Company (PG&E) (for the North Coast);~~
- ~~2. (b) A JCM with PG&E and Tri County Regional Energy Network (for the Central Coast); and~~
- ~~3. (c) A JCM with PG&E, Southern California Edison Company, Southern California Gas Company, and Southern California Regional Energy Network (for the San Joaquin Valley and High Sierra).~~

In light of RuralREN's internal dispute and subsequent conclusion that the program approved by the Commission is D.23-06-055 is no longer viable, the Commission should make the above listed modifications to D.23-06-055. These modifications are necessary in order to protect ratepayers from unreasonably funding a program that effectively no longer exists.

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IV. CONCLUSION

For the reasons explained herein, the Commission should modify D.23-06-055 to refrain from finalizing contracts or funding for RuralREN and to halt further implementation of RuralREN's programs.

Respectfully submitted,

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