

TECH Clean California Tariffed On-Bill Investment Pilot

Stakeholder Working Group, Workshop #7

Implementation Plan and Budget

January 6, 2022



The TECH Clean California initiative is funded by California gas corporation ratepayers under the auspices of the California Public Utilities Commission.



We Are Here:

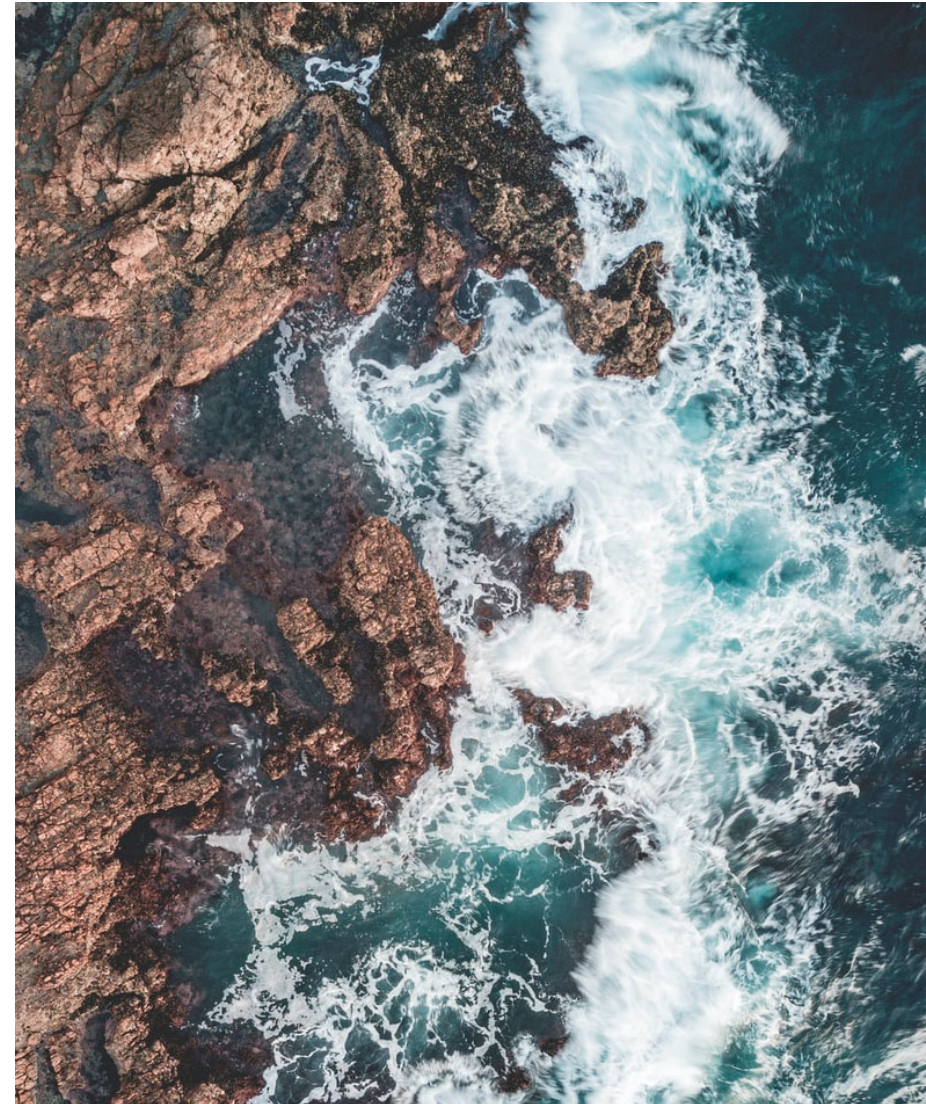
Session	Date	Topic
#1	Sept. 23	Goals and metrics, workplan and timeline
#2	Oct. 7	Tariff terms, authority to adopt, ownership of assets
#3	Nov. 4	Customer economics
#4	Nov. 18	Consumer protections
#5	Dec. 2	Information system requirements
#6	Dec. 16	Supply Chain, Quality Assurance, Risk Mitigation
 #7	Jan. 6	Implementation Plan, Timeline, Budget

Workshop #7 Agenda

1 Model Program Plan

2 Implementation Plan

3 Budget



Who's In the Room?

- Name, preferred pronoun, organization, role

Workshop Format & Ground Rules

Workshop objective: Information sharing and feedback on opportunities and challenges, pros and cons of program design alternatives from stakeholders who might implement a program.

Not a joint decision-making process.

Workshop discussions are **off the record**. Notes and recordings are for the benefit of Working Group participants only.

All meetings will be recorded and shared with workshop stakeholders

Resources: to be posted on SharePoint site for workshop attendees, recordings, presentation slides, draft documents, etc

Gathering Feedback & Information

During Workshops

- Opportunities for Q&A
- TOB team will solicit direct feedback through questions and open discussion
- Participants can share their proposals or information on different topics (ideally scheduled ahead of time)

Reminder: TECH TOB Pilot Team requests LOIs by Jan. 10

Date	Topic
Dec. 2	Circulate Model Letter of Interest
Jan. 10	Letters of Interest due from prospective partners
Jan. 17-21	Phone meetings with prospective partners
Jan. 24	Offer Letter from Energy Solutions to top prospect
Jan. 24 – Feb. 11	Negotiate Memorandum of Understanding
Feb. 14 – Mar. 18	MOU ready for partner signatures
March 21	Executed Agreement due to CPUC

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Model Program Plan



Work Plan for Completing Model TOB Plan

Date	Topic
January 6	Workshop 7. Implementation Plan, Timeline, Budget
January 10-24	Draft plan circulated for review and comment
February-March	External stakeholder engagement
February-March	Revisions to Model Plan in response to internal and external stakeholder comments
March 21	Draft Final Model TOB Plan due to CPUC (TECH deliverable)
April 15	Proposals for clean energy financing programs filed and served by IOUs and other parties

CPUC Guidance on Financing Plan

PART I: Overall Goals and Principles

- Program Goals, Objectives, and Market Barriers Addressed
- Financial Pro Forma, Expected Benefits and Costs
- Alignment with Environmental and Social Justice Action (ESJ) Plan Goals

PART II: Financing Program Requirements

- Financial Product Description and Program Development
- Customer Protections

PART III: Program Design and Delivery Details

- Targeted Customer Sectors
- Customer Eligibility
- Eligible Technologies
- Combining Financing and Incentives

Part IV: Costs and Benefits

- Program Budget
- Forecasted Benefits
- Projected Participation
- Program Time Frame

PART V: Reporting and Metrics

- Key Performance Indicators
- Schedule and Process for Tracking and Evaluating KPIs

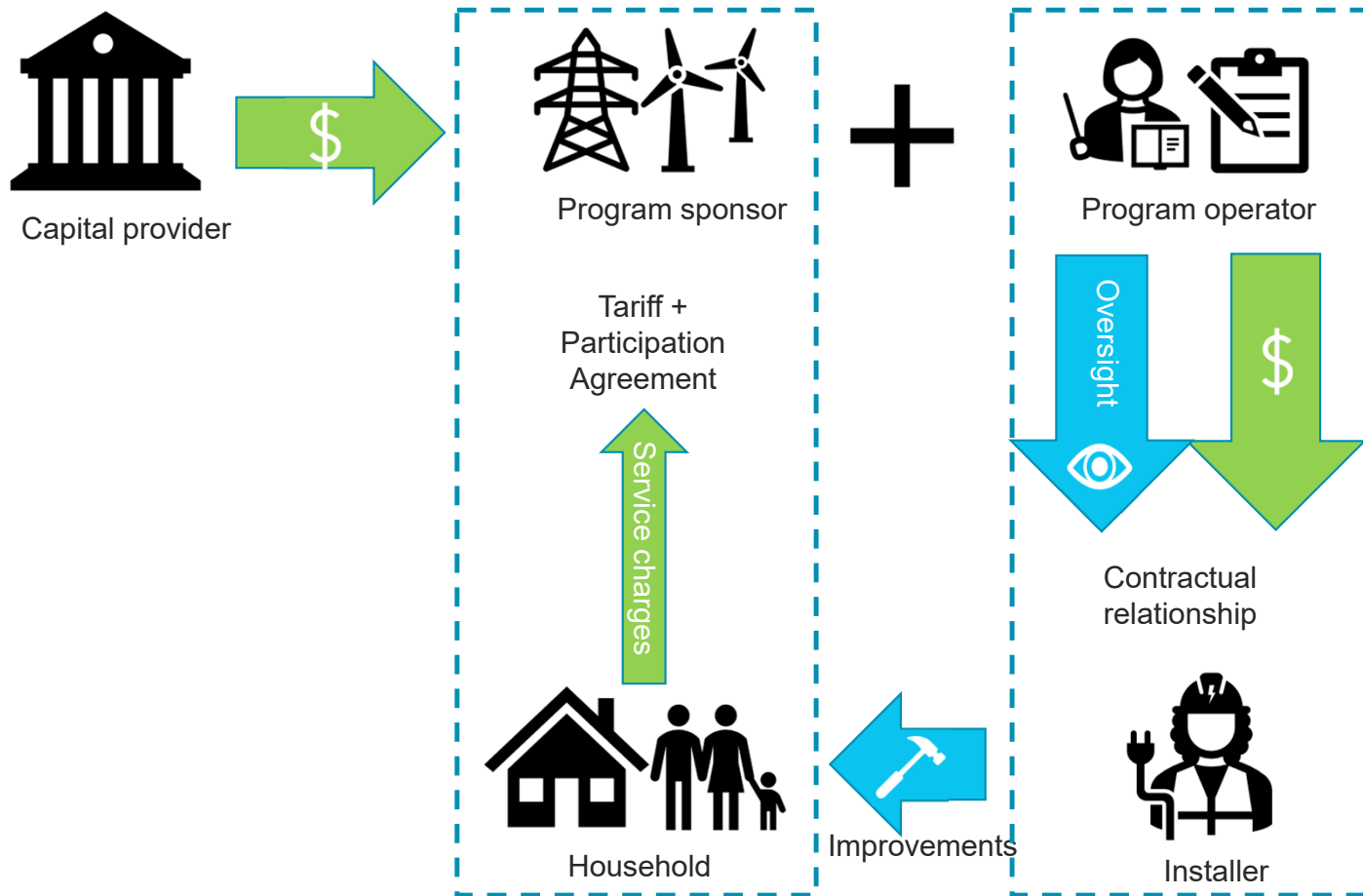
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Implementation Plan



TOB Pilot Stakeholder Working Group. *Confidential. Do not copy, distribute, or disclose.*

Program Delivery Model: Closed Market



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Options for Procuring Program Operator & Installer Services

1. Sequential

- Sponsor issues RFP for Program Operator
- Sponsor and selected Program Operator issue joint RFQ for installers
- **Preferred approach if timeline permits.**

2. Bundled

- Sponsor issues RFP for Program Operator+ installer teams
- Sponsor may lack meaningful input into selection of installers
- Manageable if time is of the essence. Give sponsor an opportunity to reshape team composition if necessary

3. Parallel

- Sponsor issues Program Operator RFP and installer RFQ simultaneously
- Recommend against unless there's an opportunity for Program Operator to reshape the installer list later

Planning Phase

Task Name	Start	Finish	Comments
Program Implementation Plan, Policies & Procedures, M&V Plan	Apr 15, '22	Jun 16, '22	
Community workshops to present implementation plan	Jun 17, '22	Jul 14, '22	Emphasize potential marketing partners
Secure Program Operator services	Apr 15, '21	Oct 31, '22	Get agreement on terms by Sep 15; execute when governing body signs off on the final plan
Secure sources of capital	Apr 15, '22	Sep 29, '22	
Revise plan as needed in response to proceeding comments and community feedback	Jul 11, '22	Aug 5, '22	
Negotiate contract terms between Energy Solutions (TECH) and partner LSE	Jul 11, '22	Aug 5, '22	
Submit draft plan to LSE executive leadership for review and approval	Aug 8, '22	Oct 7, '22	
Proposed Decision from CPUC	Sep 30, '22		
Finalize plan	Oct 10, '22	Oct 28, '22	
Execute contract between TECH and partner LSE	Oct 28, '22		
Commission Decision	Oct 31, '22		Allocate time for subsequent advice letter filing?

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Implementation Phase

Task Name	Start	Finish	Comments
Recruit installer contractors	Sep 16, '22	Dec 23, '22	Release installer RFQ as soon as governing body approves final plan
Perform meter-based customer targeting analysis	Oct 31, '22	Nov 25, '22	
Utility billing system upgrades	Oct 31, '22	Mar 3, '23	
TOB Program Launch	Dec 7, '22		Launch marketing and outreach campaign
Conduct installer onboarding	Jan 2, '23	Jan 27, '23	
Conduct first site assessments	Jan 30, '23	Feb 10, '23	
Execute first customer participation agreements	Feb 13, '23	Feb 17, '23	
Conduct first project installations	Feb 20, '23	Feb 24, '23	
Initiate QA QC activities	Feb 27, '23	Mar 3, '23	
Collect first month's cost recovery charge	Apr 3, '23	Apr 28, '23	
Ongoing project assessments, installation, QA QC	Feb 27, '23	Dec 31, '24	
Program measurement and verification	May 1, '23	Dec 31, '25	

Questions

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Budget



Project Pro Forma

	Heat Pump	HPWH	Energy Efficiency	HP+HPWH+EE
Total Investment / Project	\$17,627	\$4,614	\$2,157	\$24,398
Project useful life	15	12	20	16
Annual bill savings	\$347	\$67	\$241	\$655
TOB contribution / Project	\$3,331	\$515	\$3,085	\$6,707
TOB monthly service charge	\$19	\$4	\$13	\$35
Customer's net annual savings	\$125	\$24	\$87	\$236
Utility incentive / project	\$4,200	\$3,800	\$2,157	\$10,157
Customer copay / Project	\$10,096	\$299	-\$3,085	\$7,534
Like-for-like replacement cost	\$17,815	\$2,359	\$0	\$20,174
Customer's capital savings	\$7,719	\$2,060	\$0	\$9,779
Total lifecycle savings	\$9,593	\$2,349	\$1,735	\$13,677

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Project Pro Forma and Capital Stack (1,000 Projects)

	Program Capital Stack	Source
Total Investment	\$24,398,000	
GHG reductions	47,300	
TOB contribution	\$6,707,200	Utility or 3 rd party
Utility incentives	\$10,157,000	TECH + previously committed incentives
Customer copays	\$7,533,800	Participants
Cost of TOB capital @ 3%	\$1,836,000	Ratepayers

Pro Forma Operating Budget

Start-up	Notes	Budget
IT Billing upgrades		\$500,000
Other setup costs		\$500,000
Total Start-Up	TECH contribution	\$1,000,000
Risk Mitigation		
Utility charge off risk mitigation	Loss reserves at 3% of TOB capital contribution	\$201,216
Customer performance reserves	5% of TOB capital	\$335,360
Submetering	\$1,000 per project, or embed specs in smart panel upgrade	\$1,000,000
Total Risk Mitigation	TECH contribution	\$1,536,576
Program Operating Costs		
Administration	cap at 10% of program operating costs	\$262,900
Marketing and outreach	cap at 6% of program operating costs	\$157,700
Project assessments	\$700 / home @ 50% close rate	\$1,400,000
Desk-top review	100% of projects @ \$100	\$100,000
QA/QC field inspections	5% of projects @ \$700	\$35,000
CRM / program tracking	2 years of license fees	\$100,000
Other implementation costs	2 FTEs for 2 years	\$600,000
Measurement & Verification	Recurve CalTrack platform--TECH in-kind contribution	\$0
Total Program operating costs	TECH can contribute some cash and some in-kind services	\$2,655,600

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Summary of Funding Sources

Source	Notes	Amount
Private Capital	Utility / third party + Participant Co-Pay	\$14,241,000
TECH Contribution	(not counting in-kind services)	\$3,000,000
Incentives	TECH + previously committed ratepayer funding	\$10,157,000
LSE partner contribution	Cost of capital + start up + program operating - TECH contribution	\$4,028,430
Total		\$31,426,539

Questions

Thank You

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