Southern California Regional Energy Network

Implementation Plan

Public Agency Revolving Loan Fund
Publicly Known As
Revolving Savings Fund (RSF)

First Filing Date: April 17, 2019

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1. Program Budget and Savings Information

a. Program Information

Program Name	Public Agency Revolving Loan Fund
Program ID#	SoCalREN-**SCR-FIN-C1**

b. Program Implementer

Program Implementer	Yes
SOCALREN Only	
SOCALREN – Statewide Lead	
Other PA – Statewide Lead	
Third Party	X
Other	

c. SOCALREN Business Plan Sector

SOCALREN Business Plan Sector	Yes
Residential	
Commercial	
Industrial	
Agricultural	
Public	X
Codes & Standards	
Workforce Education & Training	
Finance	X
Other	

d. Program Type

Program Type	Yes	No
Resource		X
Non-Resource	X	

e. Intervention Strategies

Primary Intervention Strategy	Yes	No
Upstream		X
Midstream		X
Downstream	X	
Direct Install		X

f. Projected Program Budget

Budget data on **CEDARS**?: [X] Yes [ ] No If No, then show below:

g. Savings Impact

Budget data on **CEDARS**?: [X] Yes [ ] No If No, then show below:

h. Program Effectiveness

Budget data on **CEDARS**?: [X] Yes [ ] No If No, then show below:

2. Implementation Plan Narrative

a. Program Description

Describe the program, its rationale, and objectives.

The Southern California Regional Energy Network (SoCalREN) Revolving Loan Fund (RLF) Program is delivered through and supports the SoCalREN's Public Agency Energy Efficiency Project Delivery Program (PDP), the Distributed Energy Resources Disadvantaged Communities (DER DAC) Project Delivery program as well as the NMEC Program. The RLF Program is a financing cross-cutting program designed to support energy upgrades to buildings and facilities owned by participating public agencies via loans intended to accelerate the implementation of projects. These loans can provide upfront construction financing for approved, but not-yet-budgeted, projects that would otherwise be delayed pending budget allocation or paired with other financing options such as On-Bill Financing (OBF), incentives or rebates, other external financing options such as CEC loans.

The RLF Program Administration and its Marketing and Outreach is supported by rate-payer funds from the California Public Utilities Commission. The program is designed to be delivered as part of the SoCalREN Public Agency Programs. An amount of $2.2 million in seed capital for the fund is used exclusively to issue loans to enrolled and participating agencies and is provided through the County of Los Angeles (LAC or County), the Program Administrator of the SoCalREN. The County of Los Angeles is utilizing American Reinvestment and Recovery Act (ARRA) funds already granted by the California Energy Commission (CEC) for the seed capital, and no utility rate-payer funds will be utilized for the loans.

The RLF Program is designed to meet the following objectives: (1) stimulate SoCalREN public agency enrollment, accelerate project development and increase public agency participation in energy efficiency programs; (2) assist public agencies in overcoming barriers related to lack of access to capital for energy projects; and (3) provide an innovative and low-cost solution for short-term energy project financing for public agencies.

b. Program Delivery and Customer Services[1]

Describe how the energy efficiency (EE) program will deliver savings (upstream, downstream, direct install, etc.), how it will reach customers, and the services and it will provide.

Borrowing agencies (customers) are first enrolled with the SoCalREN under either of its Public Agency Project Delivery Programs (PDP and DER DAC). They receive comprehensive energy efficiency project delivery services and in addition, are offered the RLF loan. The loans make possible energy efficiency projects that would not otherwise have been completed. The loans also accelerate project implementation by financing projects that are not expected to be budgeted by an agency in the immediate term. In each of these cases, the RLF Program delivers savings by availing all applicable Utility incentive programs (downstream, midstream, upstream, etc.) as determined by the type of project and the energy efficiency measures being implemented.

[1] IP Guidance from D.15-10-028: "*Describe how the energy efficiency (EE) program will deliver savings (upstream, downstream, direct install, etc.), how it will reach customers, and the services and [sic] it will provide*."

The program will reach customers by targeting borrowers included in the pool of public agencies located in SoCalREN's service territory.

SoCalREN's service territory includes ratepayers in SCE and/or SCG territory. This encompasses all or portions of the counties of Los Angeles, Orange, San Bernardino, Riverside, Ventura, Mono, Santa Barbara, Inyo, Kern, Imperial, Fresno and Tulare, with an emphasis on financing projects serving disadvantaged communities (DACs). The RLF Program is available to enrolled agencies of the SoCalREN Public Agency Programs as applicable projects are identified and evaluated. Non-enrolled agencies are targeted in conjunction with the outreach and enrollment efforts of the SoCalREN Public Agency Programs. The enhanced service offering is expected to stimulate enrollment and increase public agency participation in energy efficiency programs, one of the RLF Program's core objectives.

The RLF Program is a streamlined and fully supported SoCalREN financing loan product.

The RLF Program has a streamlined administrative structure with loan application review and approval, fund management and debt service all housed within the SoCalREN. It is fully supported with marketing and outreach, project identification and development, financing options analysis as well as support for completion of loan applications all provided within the SoCalREN. By having the RLF Program as an integral part of the financial support services of the Public Agency Energy Efficiency Project Delivery Program, the RLF Program can benefit from a turnkey approach that offers oversight into every aspect of the project. Among the many benefits, this hands-on approach to customer service supports risk mitigation. Examples of risk management include ensuring that the Agency adheres to utility application requirements to successfully leverage incentives and On-Bill utility financing and ensuring that construction contracts deliver on the energy savings performance that is specified. The technical assistance and project management support provided by the SoCalREN can also alleviate perceived risks to a substantial degree.

COVID-19 Program Enhancements

COVID-19 has created increasingly challenging budgetary circumstances for public agencies as tax revenues are diminished and agency priorities shifted. To address these uncertainties and unique circumstances, RLF was redesigned with several short term enhancements to enable agencies to overcome the new barriers they face to progress energy efficiency projects. Program modifications and enhancements include:

- Borrowing loan term extended from 2 years to a 5 year maximum
- The 1% administrative fee is temporarily suspended through the end of 2021
- Application submission reserves funds for a period of 3 months

These programmatic changes will likely increase an agency's willingness to take on debt and remove existing barriers to completing energy efficiency projects.

c. Program Design and Best Practices

Describe how the program overcomes the market barriers in its market sector and/or end use. Describe why the program approach constitutes "best practices" or reflects "lessons learned." Provide references where available.

The RLF Program is designed to be delivered alongside the SoCalREN Public Agency Programs not only

because the customer base is the same, but also because leveraging the support of the Public Agency Programs helps address a sector specific market gap, namely that energy efficiency project financing is often not pursued by public agencies because of the lack of internal resources to research and identify financing options, apply for the financing, and execute financing agreements. Described below are some of the best practices that will be applied to this program offering.

Addresses funding barriers specific to public agencies.

The RLF Program is designed to overcome the barrier of upfront capital needed to fund energy efficiency projects. The barrier for many public agencies is the fact that incentives and OBF funds are only paid several months after project completion which can easily be more than a year from the initial project development and approval stages. The delays in being paid incentive and OBF funds by the utilities requires an agency to separately secure 100% of the funds needed for an energy efficiency project before construction can commence. Given the difficulty of securing capital improvement funds for normal public agency deferred maintenance projects, let alone the installation of new energy efficiency measures, it is not surprising that a 100% upfront capitalization requirement can be a significant hindrance to project implementation. The RLF Program overcomes this barrier by providing access to upfront funds that cover 100% of the project construction costs.

Evaluation criteria that tie RLF to broader Public Sector goals.

Evaluation of loan applications will emphasize three main criteria: 1) support for projects serving Disadvantaged Communities (DACs); 2) high level of confidence that the projects will result in the projected bill savings; and 3) confirmation of an appropriate and feasible strategy for loan repayment within two years to maximize RLF access across a larger pool of agencies. Loans will also be equitably allocated through a restriction on the total loan amount from any one agency to ensure that several agencies will be able to simultaneously access funding for their projects.

d. Evaluation, Measurement, and Verification (EM&V):

Describe any process evaluation or other evaluation efforts that the PA will undertake. Identify the evaluation needs that the PA must build into the program. These might include:

- *Data collection strategies embedded in the design of the program or intervention to ensure ease of reporting and near term feedback, and/or q*
- *Internal performance analysis during deployment.*

SoCalREN, in line with its new authority to manage its own EM&V process, is interested in conducting studies to better understand what financing structures are better suited for the public sector for the implementation of energy efficiency and related energy projects. Knowing what factors contributed to

whether an RLF Program loan was used or not can help better understand long-term public agency needs and inform changes in future program design.

Furthermore, SoCalREN would benefit from EM&V studies that characterize agency type and their corresponding funding structures and unique financing needs, in relation to project types and sizes. Of particular interest is the role that utility incentives play within these project implementation strategies.

In order to prepare for effective program evaluation, the implementer will work closely with the Program Administrator for both the setup and design as well as the implementation of EM&V studies.

With regards to data collection during implementation, the existing CRM utilized by the Public Agency Program will be leveraged for data management and reporting. The data collected will include at a minimum:

- Customer name and contact information
- Total project costs and financing methods
- Total loan amount
- Influence of program services in implementation of project
- Data related to Program Performance Metrics (listed below)
- Number of participants
- Loan terms
- Coordination with partner programs
- Marketing, Education & Outreach efforts

e. Program Performance Metrics [2]

Describe the program performance metrics. (metric, measurement method, frequency, etc.)

As a new program, the table below shows key program performance tracking in the form of indicators rather than metrics. The table illustrates the corresponding method and frequency for each tactic or indicator as well.

Activity	Tactic	Indicators	Method	Frequency
Engage in Program Marketing and Outreach	Deliver RLF Program "loan informational overviews' to potential borrowing agencies	Number of touch-points where RLF Program is presented	Implementer Reporting to Administrator	Annual
Perform Project Feasibility Analysis for RLF	Deliver Project Proposals that present project economics with an RLF	Number of Project Proposals delivered	Implementer Reporting to Administrator	Annual

[2] IP Guidance from D.15-10-028: "*It is in the implementation plans that we want to see at least one metric for each program/strategy/sub-sector/intervention strategy; more than one where appropriate…. Implementation plans will contain metrics, as already discussed. PAs are free to start with a clean slate in developing metrics and associated reporting requirements, but for all programs will continue to provide monthly cost reports, and for resource programs will provide monthly savings data as well*."

Loan	loan			
Prepare and submit RLF Program Loan Application	Evaluate an agency's ability to take advantage of the RLF loan	Number of RLF Loan Applications	Implementer Reporting to Administrator	Annual
Provide the Offer to Finance for the RLF Loan	Provide eligible agencies an opportunity to use an RLF Loan	Number of Agency-approved loans	Implementer Reporting to Administrator	Annual
Agency completes project installation	Enable savings by funding projects with RLF Program loans	Number of RLF Program Loans Awarded, Dollar Amount Issued and Energy Savings attributed to the Project	Implementer Reporting to Administrator	Annual
Agency repays the loan within 5 years	Manage the RLF Program for repeated use of seed capital funds	Number of RLF Program Loans with full, on-time repayment	Implementer Reporting to Administrator	Annual

f. Quantitative Program Targets

Provide estimated quantitative information on the number of projects, companies, non-incentive customer services and/or incentives that the program aims to deliver and/or complete annually. Provide references where available.

The outcome of the program is primarily focused on issuing financing to public agencies. The metrics below are primary indicators of program success. New metrics will be developed in year two to refine the tracking of the program as it evolves.

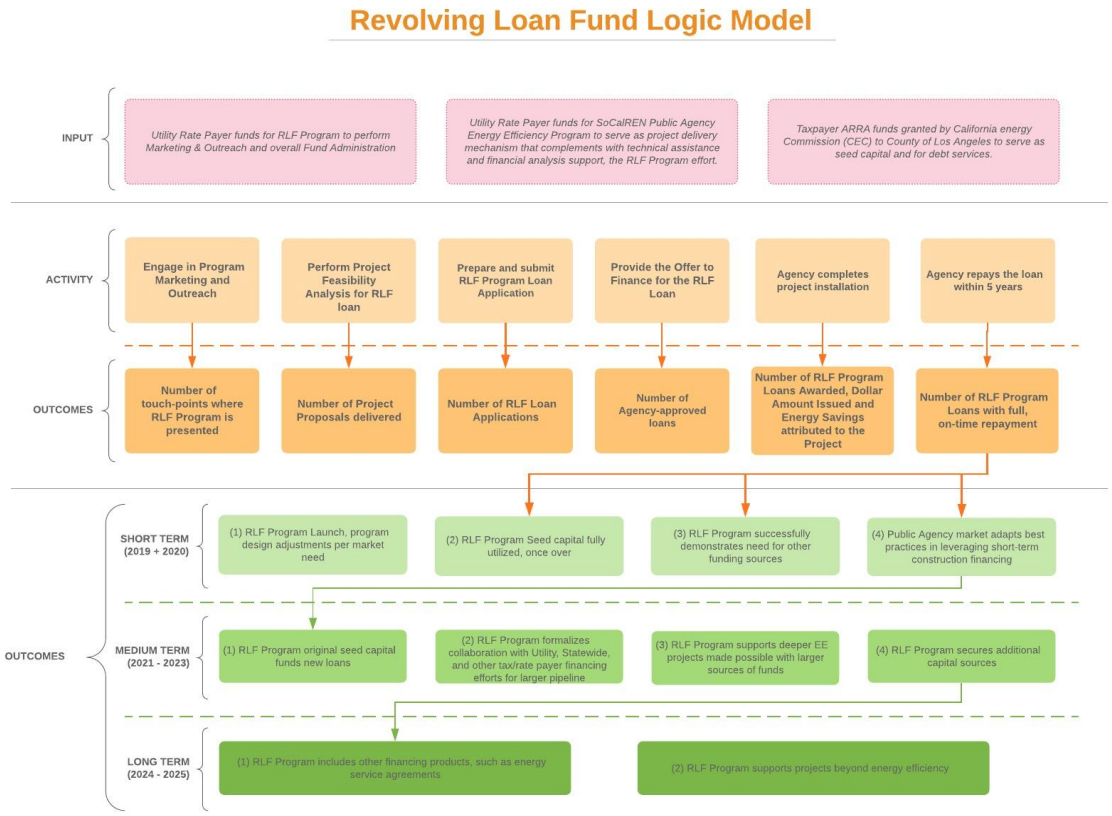
Metric	**2021 Target**	**Cumulative Target (2019-2025)**
Number of Loans	3	12

g. Pilots

Please describe any pilot projects that are part of this program and explain what makes them innovative. The inclusion of this description should not replace the Ideation Process requirements currently agreed upon by the California Public Utilities Commission (CPUC or "Commission") staff and Investor Owned Utilities (IOUs). The Ideation Process is still undergoing refinements and will be further discussed as part of Phase III of this proceeding.

This program does not currently propose pilot activities.

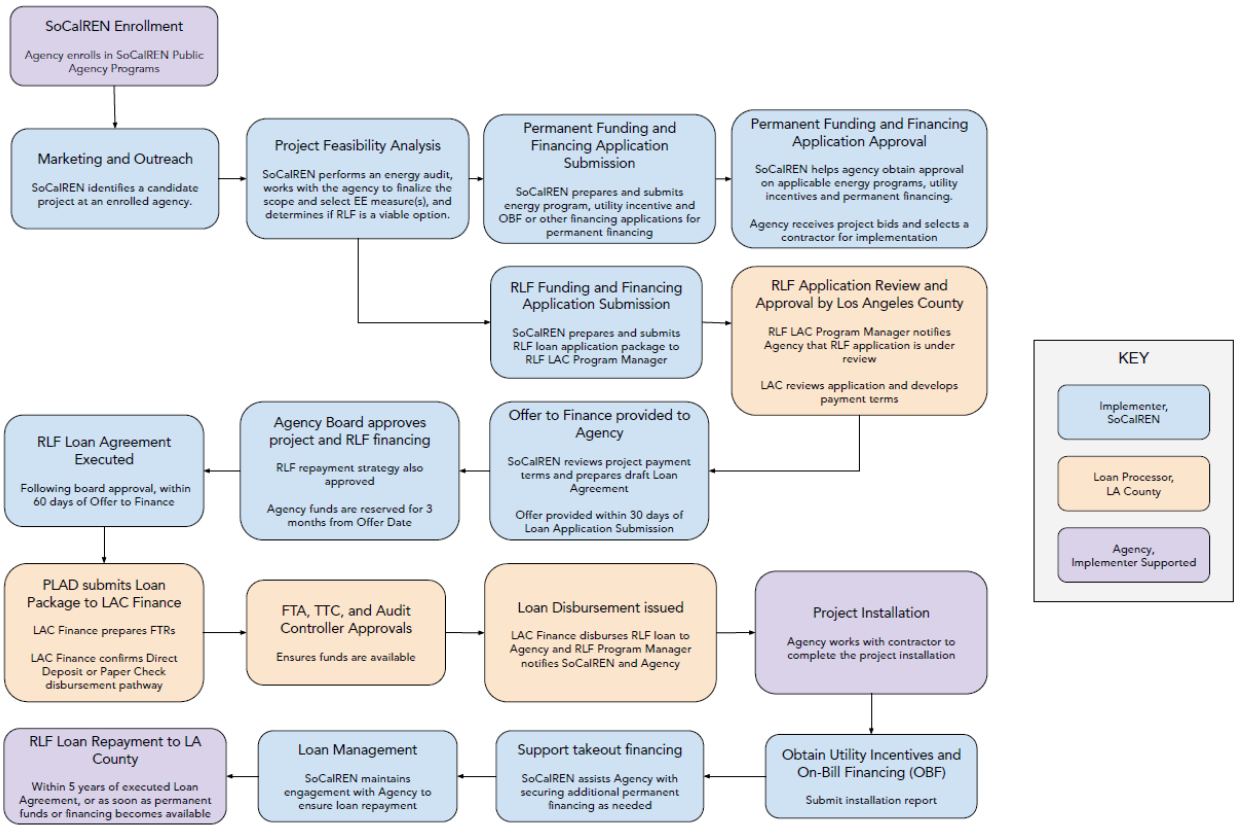
h. Program Logic Model



i. Process Flow Chart

Provide a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe:

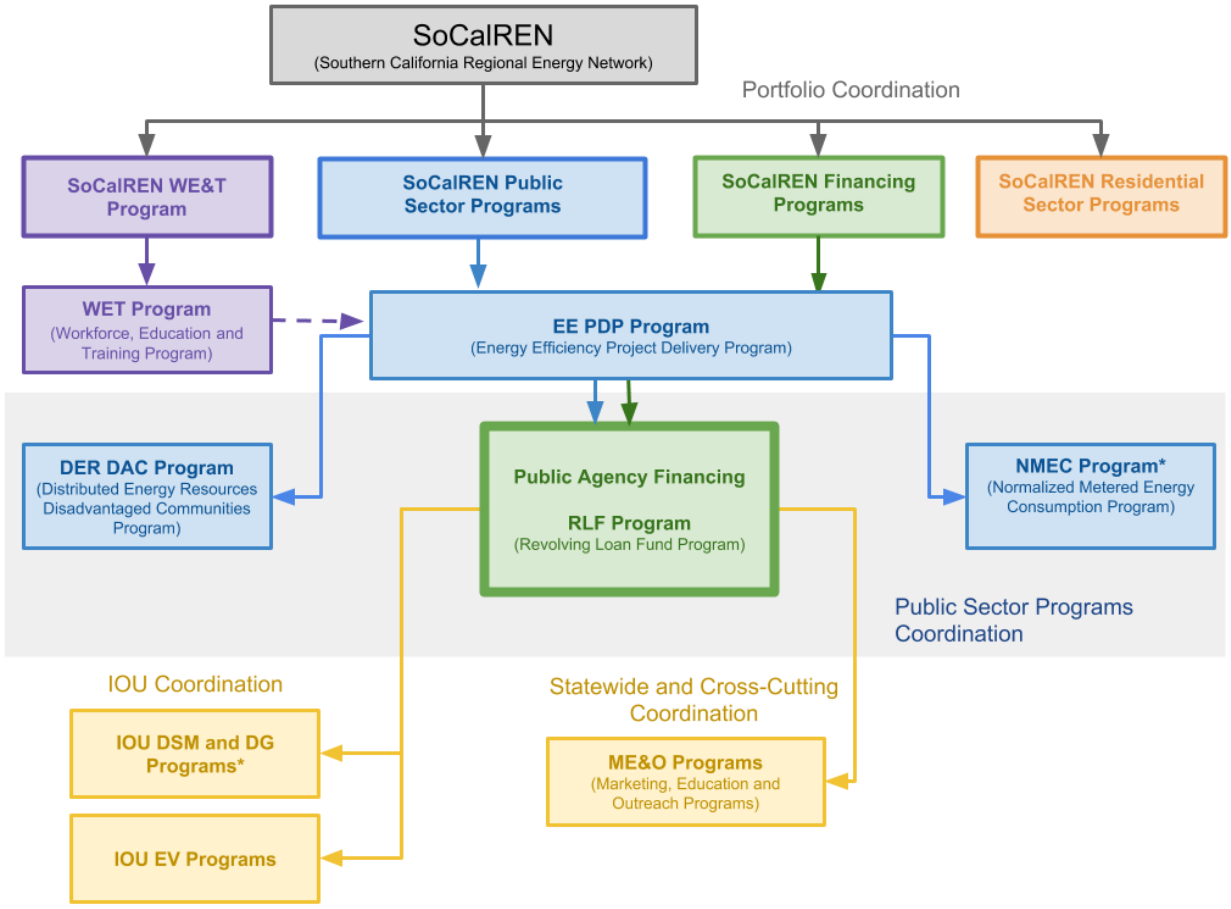
- *A customer's submittal of an application*
- *The screening of the application*
- *The approval and/or disapproval of an application*
- *Verification of purchase or installation*
- *The processing of incentive payments, and*
- *Any quality control activities.*


SoCalREN Enrollment
Agency enrolls in SoCalREN Public Agency Programs
Marketing and Outreach
SoCalREN identifies a candidate project at an enrolled agency.
Project Feasibility Analysis
SoCalREN performs an energy audit, works with the agency to finalize the scope and select EE measure(s), and determines if RLF is a viable option.
Permanent Funding and Financing Application Submission
SoCalREN prepares and submits energy program, utility incentive and OBF or other financing applications for permanent financing
Permanent Funding and Financing Application Approval
SoCalREN helps agency obtain approval on applicable energy programs, utility incentives and permanent financing.
Agency receives project bids and selects a contractor for implementation
RLF Funding and Financing Application Submission
SoCalREN prepares and submits RLF loan application package to RLF LAC Program Manager
RLF Application Review and Approval by Los Angeles County
RLF LAC Program Manager notifies Agency that RLF application is under review
LAC reviews application and develops payment terms
KEY
Implementer, SoCalREN
Loan Processor, LA County
Agency, Implementer Supported
RLF Loan Agreement Executed
Following board approval, within 60 days of Offer to Finance
Agency Board approves project and RLF financing
RLF repayment strategy also approved
Agency funds are reserved for 3 months from Offer Date
Offer to Finance provided to Agency
SoCalREN reviews project payment terms and prepares draft Loan Agreement
Offer provided within 30 days of Loan Application Submission
PLAD submits Loan Package to LAC Finance
LAC Finance prepares FTRs
LAC Finance confirms Direct Deposit or Paper Check disbursement pathway
FTA, TTC, and Audit Controller Approvals
Ensures funds are available
Loan Disbursement issued
LAC Finance disburses RLF loan to Agency and RLF Program Manager notifies SoCalREN and Agency
Project Installation
Agency works with contractor to complete the project installation
RLF Loan Repayment to LA County
Within 5 years of executed Loan Agreement, or as soon as permanent funds or financing becomes available
Loan Management
SoCalREN maintains engagement with Agency to ensure loan repayment
Support takeout financing
SoCalREN assists Agency with securing additional permanent financing as needed
Obtain Utility Incentives and On-Bill Financing (OBF)
Submit installation report

j. Diagram of Program

Please provide a one page diagram of the program including subprograms. This should visually illustrate the program/sub-program linkages to areas such as:

- *Statewide and individual IOU marketing and outreach*
- *Workforce, Education and Training (WE&T) programs*
- *Emerging Technologies (ET) and Codes and Standards (C&S)*
- *Coordinated approaches across IOUs, and*
- *Integrated efforts across Demand Side Management (DSM) programs.*



*Resource Program

k. Additional information

Include additional information as required by Commission decision or ruling. As applicable, indicate the decision or ruling, with page numbers.

N/A

l. For Market Transformation Programs Only[3]

i. Quantitative Baseline and Market Transformation Information

Provide quantitative information describing the current EE program baseline information (and/or other relevant baseline information) for the market segment and major sub-segments, as available.

Not applicable to this program.

ii. Market Transformation Strategy

Provide a market characterization and assessment of the relationships and/or dynamics among market actors, including identification of the key barriers and opportunities to advance DSM technologies and strategies. Describe the proposed intervention(s) and its/their intended results, and specify which barriers the intervention is intended to address.

Not applicable to this program.

[3] Codes & Standards program, Emerging Technologies program, Workforce Education & Training program, etc.

3. Appendix: Supporting Information and Documents

a. Program Manuals and Program Rules

All programs must have manuals (brochures) for implementers and customers to clarify the eligibility requirements and rules of the program. At minimum, manuals should include:

Table 1. Supportive Materials Index

#	Information Required	Short Description	Location Name/URL link
1	**Eligible Measures or measure eligibility**	A list of eligible measures, or measure eligibility requirements	RLF Projects will can pursue measures from SCE and SCG
2	**Customer Eligibility Requirements**	Requirements for program participation (for example, annual energy use or peak kW demand)	Public Agencies Enrolled in SoCalREN Programs
3	**Contractor Eligibility Requirements**	List of any contractor (and/or developer, manufacturer, retailer or other "participant") eligibility requirements. (For example: specific IOU-required trainings, specific contractor accreditations, and/or specific technician certifications.)	N/A
4	**Participating Contractors, Manufacturers, Retailers, Distributors**	Information as to whether: ● Program or sub-program delivery channel is downstream, midstream, or upstream, and ● Program is an incentive and/or buy-down type program.	N/A
5	**Additional Services**	Descriptions of any additional sub-program delivery, measure installation, marketing & outreach, training, and/or other services provided, if not yet described above.	N/A
6	**Audits**	Information as to whether: ● Pre- and post-audits are required ● Funding or incentive levels have been set for audits, and ● The eligibility requirements for audit incentives.	N/A
7	**Sub-Program Quality Assurance Provisions**	List of quality assurance and quality control requirements, including accreditations and/or certifications or other credentials of individuals or organizations performing this work.	Reference the Program Manual
8	Other (not required)		N/A

b. Incentive Tables, Workpapers, Software Tools

Provide a summary table of measures and incentive levels, along with links to the associated workpapers.

#	Measure	Incentive Level	
1	n/a	n/a	n/a

#	Document Name	Short Description	URL link or location name
1	n/a	n/a	n/a