

Energy Efficiency Program Funding

Executive Committee Meeting 1/8/2025



Background

Program Inception

- Ava filed a program plan with the CPUC to access Public Purpose Program (PPP) funds under the Elect to Administer (ETA) pathway in 2021.
- In September 2022, the CPUC approved Resolution E-5215 allowing Ava to administer a commercial energy efficiency (EE) program with a budget of \$13.4 M over three years
- In May 2023, Ava launched a program called the Building Efficiency Accelerator in partnership with our program implementer, Cascade Energy, to operate until May 2026.

Program Performance

To date, the Building Efficiency Accelerator Program has:

- enrolled 30 buildings belonging to our largest C&I and public sector customers, providing free technical assistance on opportunities for energy savings and incentives, and
- identified ~15 GWh of potential savings from energy efficiency.



CPUC Budget Allocation


Funding Issue

In August 2024, Peninsula Clean Energy (PCE) alerted Ava to an error in the budget calculation. This miscalculation was identified across all ETA CCAs budgets, yet all were reviewed and approved by CPUC through the resolution process.

Erroneous Calculation = *Total electricity NBC collections from the CCA's customers – total electricity NBC collections from the CCA's customers * % of the applicable IOU EE budget*

Corrected Calculation = *Total electricity energy efficiency NBC collections from the CCA's customers – total electricity energy efficiency NBC collections from the CCA's customers * % of the applicable IOU EE budget*

- Energy efficiency program costs are not shown as a standalone nonbypassable charge (NBC) on customers' bills, but are rolled into Public Purpose Program (PPP) NBCs.
- The total PPP rate on bills includes multiple rate components for programs, not just energy efficiency.
- The error occurred from the use of the **total PPP NBC** in the CPUC's budget calculation equation, instead of a percentage that only applied to the energy efficiency rate component.

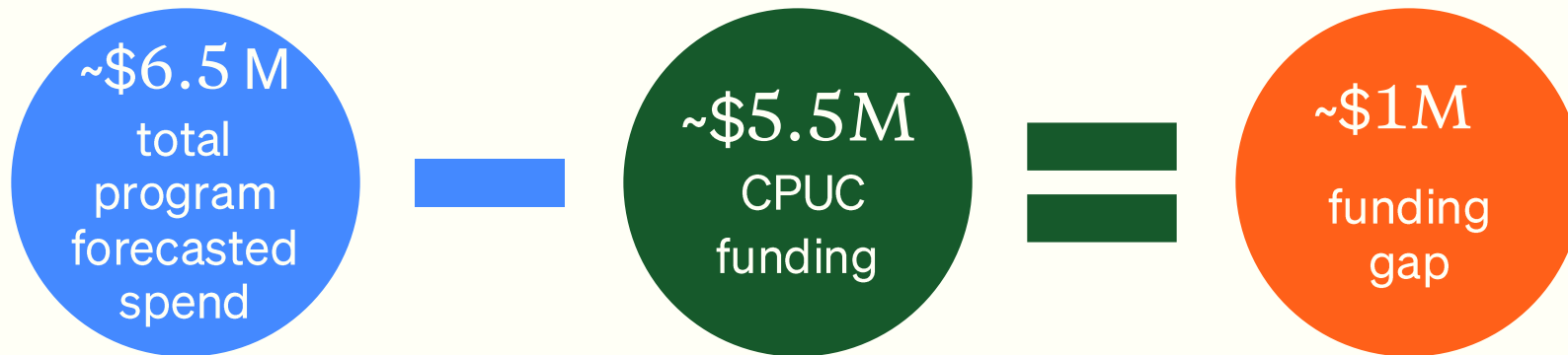
 Based on the corrected input, Ava should have only received ~\$5.5 M instead of \$13.4 M

CPUC Budget Reduction Risk to Ava

Ava and all affected CCAs identified the issue for the CPUC. On 12/24/24 the CPUC issued a draft resolution E-5366 proposing a corrected budget for Ava of \$5.56M. If the Resolution is approved, Ava will face an overall program budget reduction of \$7.9M.

Ava has paused enrollment in the program to minimize financial risk based on a reduction in CPUC funding and identified a revised maximum program spend given the existing level of enrollment.

Based on the existing 30 buildings enrolled in the program, Ava's forecasted maximum fees over the program term to 2026 are ~\$6.5M, split between administration and participant incentive costs.



Recommendation

Ava recommends shifting \$1M of unused funds from the Local Development Building Electrification budget into the Building Efficiency Accelerator, making the new budget \$6.5 M.

The rationale for this proposal is:

- Ava has identified ~\$4M of unspent funding from previously allocated Building Electrification budgets. Ava will return to the Board with a full reconciliation of Local Development funding in the coming months
- Ava needs to confirm the available budget now in order to continue delivering program offerings to customers
- Ensure the enrolled customers maintain access to the resources and incentives offered
- Contribute to a **positive program experience** for commercial and industrial customers.
- Support the implementation of energy efficiency measures – such as equipment replacements, controls optimization, electrification projects – while providing incentives that help customers reduce energy usage and achieve up to 10% savings on their bills.

Ava will prioritize ensuring enrolled customers have the necessary funding to complete their projects and will continue to monitor enrollment and new project costs to ensure they remain within the adjusted amount.

