



24-4359

DATE: February 27, 2024 (Item No. 45)
TO: Board of Supervisors
FROM: Jasneet Sharma, Director, Office of Sustainability
SUBJECT: Bay Area Regional Energy Network: 2024-2027 Agreement with the Association of Bay Area Governments

RECOMMENDED ACTION

Approve retroactive Agreement with the Association of Bay Area Governments relating to implementation services for the Bay Area Regional Energy Network in an amount not to exceed \$1,727,358 for period January 1, 2024 through December 31, 2027, that has been reviewed and approved by County Counsel as to form and legality.

FISCAL IMPLICATIONS

Approving the agreement will result in an estimated increase of \$66,665 in new revenues annually. The Department will bring forward a proposal to increase estimated revenues in the Office of Sustainability's budget through the Fiscal Year 2024-2025 Recommended Budget process.

REASONS FOR RECOMMENDATION AND BACKGROUND

Since 2013, the Office of Sustainability (OOS) has administered the Bay Area Regional Energy Network (BayREN) program for Santa Clara County, pursuant to a Memorandum of Understanding (MOU) with the Association of Bay Area Governments (ABAG) that the Board approved on February 26, 2013 (Item No. 31) and updated in 2015. Since 2013, the Board has approved an annual Agreement between ABAG and the County allowing for retroactive billing of services related to implementing BayREN.

If the 2024-2027 agreement is approved, the County will receive \$1,727,358 in direct funding to assist residents and businesses in completing residential and commercial energy efficiency and electrification upgrades, which will reduce greenhouse gas emissions countywide. To date, the program has administered close to \$18 million in incentives to upgrade over 17,000 homes in Santa Clara County. The result is a reduction in over 11,600 tons of carbon emissions, equivalent to removing over 9,000 cars off the road.

BayREN is a nine-county energy efficiency program approved by the California Public Utilities Commission (CPUC) in 2013 and funded by Pacific Gas & Electric (PG&E) ratepayers under an Agreement with ABAG. ABAG subcontracts with its member counties

to promote energy efficiency and electrification in their local jurisdictions.

Since 2013, the Office of Sustainability (OOS) has actively promoted the BayREN Single Family and Multifamily residential programs and associated incentives, participated in the development of financing options, and successfully engaged city and internal County building officials through the BayREN Codes and Standards Program in regional forums, local trainings, and individualized assessments of energy efficiency building code compliance and enforcement.

On July 3, 2023, the CPUC approved a 10-year BayREN business plan, which authorized funding through 2031 and created four new programs. With the approval of this recommendation, the County and ABAG will enter into a new Agreement for services for the period January 1, 2024 through December 31, 2027. Thereafter, the County and ABAG will continue to enter into four-year agreements to accommodate for shifts in program budgets.

The BayREN program operates on calendar-year budgets and allows contracts to be executed retroactively from January 1 of any calendar year. Because of delay in the PG&E and ABAG contracting process, this new Agreement requires retroactive billing effective as of January 1, 2024.

Under the Agreement, the County will receive \$1,727,358 in direct funding for implementation activities for the 2024-2027 time period. County residents and businesses will also have access to an array of incentives and resources to assist them in completing residential and commercial energy efficiency and electrification upgrades. The updated MOU signed in 2015 between ABAG and the County will remain in effect without change.

The CPUC approved funding to implement the BayREN Energy Efficiency Program in the nine-county region served by ABAG and directed PG&E to serve as a fiscal agent for that funding. The Program includes 10 sub-programs:

- **Single Family:** The program serves hard-to-reach and underserved households to promote resilience, health, comfort, safety, energy affordability, and/or energy savings.
- **Green Labeling:** This program is designed to promote market recognition of the value of a “green” home during real estate transactions and provides trainings to real estate professionals and Home Energy Score rebates to property owners.
- **Multifamily:** The program seeks to remove obstacles for improving multifamily buildings, promoting energy savings, and enhancing resident well-being. It frequently assists owners and property managers of older housing stock with upgrades and technical support.
- **Business:** The program supports local small, hard-to-reach businesses through energy efficiency projects to save energy and money.
- **Business Refrigerant Replacement:** The program aims to replace environmentally harmful refrigerants with eco-friendlier options at low-to-no cost to food service sector businesses.
- **Integrated Energy Services:** The program will assist local governments and special districts with finding and applying for funds to help improve their public buildings and

will also provide a service to develop roadmaps for public building energy improvements.

- **Targeted Decarbonization Services:** The program will include a Decarbonization Showcase and will provide training and resources related to new equipment and technologies for decarbonizing public buildings.
- **Water Upgrades Save:** The program coordinates with BayREN members on the Water Bill Savings Program that allows municipal water utility customers to pay for improvements through a monthly charge attached to their water meter with little or no up-front costs.
- **Codes & Standards:** The program supports local governments with developing, adopting, and implementing energy policies, including reach codes and the California Energy Code.
- **Workforce Education & Training:** The program will create job training opportunities in the green economy. Through an existing partnership with Rising Sun Center for Opportunity, BayREN has supported youth with training and employment opportunities since 2019.

Each of the nine BayREN counties entered into funding/program services agreements with ABAG for activities and deliverables under the sub-programs. BayREN provides counties with resources to provide outreach about services, incentives, and other support that directly benefits homeowners and businesses that undertake energy efficiency upgrades.

Establishment and funding of Regional Energy Networks by the CPUC builds capacity for local governments to provide robust energy efficiency programs that promote jurisdictional goals for reducing energy and carbon emissions and generates localized economic benefits including employment opportunities.

CHILD IMPACT

The recommended action will have positive impacts on youth. Activities and services by the County under the Agreement are targeted to generate multiple benefits including lower energy costs, reduced greenhouse gas (GHG) emissions, local economic stimulus and job creation, and heightened social equity in program accessibility. These and other objectives provide economic, social, and environmental impacts that benefit children and youth.

SENIOR IMPACT

The recommended action will have positive impacts on seniors. Activities and services by the County under the Agreement are targeted to generate multiple benefits including lower energy costs, reduced GHG emissions, local economic stimulus and job creation, and heightened social equity in program accessibility. These and other objectives provide economic, social, and environmental impacts that benefit seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action would have a positive impact on sustainability by directly supporting the County Sustainability Master Plan. These activities supported by the BayREN Program will further the Board's sustainability objectives to foster a healthy environment,

protect resources and public health and safety, promote a diverse economy, and advance social equity.

CONSEQUENCES OF NEGATIVE ACTION

The County would not be able to fully implement or participate in the BayREN 2024-2027 Energy Efficiency Program, the County's residential and business energy customers will not receive outreach to inform them about the incentives, financing mechanisms and other energy upgrade resources that are available under BayREN, and other County sustainability programs and initiatives would not be leveraged through BayREN.

STEPS FOLLOWING APPROVAL

Priority processing request. Since the BayREN funding originates at the state level from the CPUC, and is passed down through ABAG as the prime contractor, upon execution of the associated documents, the Clerk of the Board of Supervisors will obtain the Board President's signature on two original Agreements and notify Tonya Veitch of the Office of Sustainability. The Office of Sustainability will forward the Agreements to the Association of Bay Area Governments and return one original to the Clerk of the Board.

ATTACHMENTS:

- BayREN Funding and Implementation Agreement for 2024-2027