



# COUNTY OF SAN DIEGO

## LAND USE AGENDA ITEM

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**DATE:** December 11, 2024

**05**

**TO:** Board of Supervisors

### **SUBJECT**

**MEMORANDUM OF UNDERSTANDING WITH SAN DIEGO COMMUNITY POWER FOR THE SAN DIEGO REGIONAL ENERGY NETWORK (DISTRICTS: ALL)**

### **OVERVIEW**

Since 2012, the California Public Utilities Commission (CPUC) has authorized the creation of Regional Energy Networks (RENs) to increase involvement of local governments in energy efficiency initiatives. Statewide, RENs have been important avenues for local government agencies in California to offer energy efficiency programs for residents and businesses, playing a key role in the transformation of the State's clean energy future. RENs use funds already collected by utilities and distribute those funds through regional programs for local businesses, residents, public agencies, and community organizations. Investor-owned utilities (IOUs), such as San Diego Gas & Electric (SDG&E), have inherent constraints within their energy efficiency program portfolio, including cost-effectiveness requirements that limit the breadth of program offerings. RENs present a unique opportunity to fill demonstrated gaps in regional energy efficiency programs and program participation.

Until August 2024, when the CPUC authorized the San Diego Regional Energy Network (SDREN), the San Diego region was the only remaining area of the state eligible for a REN that did not have one. SDREN benefits the entire region, including Tribes and customers in all incorporated and unincorporated areas of San Diego county. The goal of SDREN is to ensure that no individuals or communities are left behind in the transformation to a clean energy economy by providing programs that focus on the needs and challenges of our most vulnerable communities, and are guided by community input and local programs such as the 2024 Climate Action Plan. Like all other RENs, SDREN is funded entirely from the Public Purpose Program Surcharge, which is an existing line item on utility bills that supports low-income and energy efficiency programs and will not increase as a result of the creation of SDREN. SDREN was approved with a budget of \$124 million for fiscal years 2024 through 2029 with programs that focus on delivering services and support to disadvantaged and hard-to-reach communities throughout the San Diego region.

The programs offered by each REN vary based on community, business, and resident needs, but accomplish similar goals and provide benefits to residential, commercial, and public sector customers as well as the local workforce. RENs do not duplicate existing programs offered by

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IOUs, but supplement and complement those programs. SDREN will offer ten programs that will help residents and businesses in the San Diego region, including the Multifamily Program that provides incentives and rebates for upgrades available to owners and tenants of multifamily homes, the Tribal Engagement program that supports implementation of projects and programs in tribal communities, and the Energy Pathways Program that provides high school students with guidance and resources to enter a green career.

RENs can only be established when at least two public agencies partner to operate it in a region. On August 1, 2024, the CPUC approved the County of San Diego (County) and San Diego Community Power's (SDCP's) joint application to establish SDREN (see Attachment C). This formalized the County and SDCP's roles to oversee and administer SDREN.

- The Office of Sustainability and Environmental Justice (OSEJ) represents the County in SDREN Oversight and Administration. The County is a regional leader in addressing climate change, sustainability, and furthering the goals to reach zero carbon emissions. Establishment of SDREN supports the County's 2024 Climate Action Plan, the Zero Carbon Portfolio Plan, and the Regional Decarbonization Framework (RDF) through the development and implementation of energy efficiency programs. The RDF, a key initiative managed by OSEJ, promotes public and private interests working together to move the entire San Diego region to achieve zero carbon emissions. SDREN is an action supported by the RDF that would provide energy efficiency programs that reach communities and businesses most in need, while also reducing greenhouse gas emissions. In addition, it would bring collaborative investment to our region by designing programs and services for underserved and hard-to-reach communities, creating opportunities to increase energy affordability, reduce pollution, and improve health.
- SDCP serves as the Community Choice Aggregator for the cities of San Diego, Encinitas, La Mesa, Chula Vista, Imperial Beach, and National City, and the County of San Diego. In this role, SDCP provides affordable clean energy with a goal to provide 100 percent clean affordable energy to all customers by 2035 or sooner. Management and administration of SDREN fits within SDCP's mission to collaborate and provide regional resources, and to champion community needs. As a public agency, SDCP's structure provides regular public consultation and ongoing oversight of fiscal activities.

To further define and establish responsibilities for each agency, SDCP and the County have drafted a Memorandum of Understanding (MOU) (Attachment A) to define the goals and objectives for the SDREN, as well as outline administrative and governance responsibilities with respect to implementation. Today's request is for the County Board of Supervisors (Board) to approve the County's MOU with SDCP to document oversight responsibilities of the SDREN and establish funding and reimbursement mechanisms for County staff time.

No new County staff are needed to implement the County's responsibilities outlined in the MOU to set up SDREN structure and programs. The MOU establishes funding and reimbursement mechanisms allocating County staff time in amounts not to exceed 1.5 Full-Time Equivalent (FTE) as allowable costs, reimbursable through SDREN funding. Board approval would authorize the County to receive staff time reimbursement associated with SDREN implementation activities. As outlined in the MOU, this work will primarily include setting up

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and establishing SDREN programs. Additional County staff may be requested to support work when SDREN and associated programs enter implementation phases. Such requests would be included in future Operational Plans for OSEJ and the funding source would be revenue from the SDCP MOU.

**RECOMMENDATION(S)**

**CHIEF ADMINISTRATIVE OFFICER**

1. Find that the proposed action is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) because it is not a project and because it can be seen with certainty that there is no possibility that the proposed Memorandum of Understanding would have a significant effect on the environment.
2. Authorize the Deputy Chief Administrative Officer (DCAO), and its delegates such as the Chief Sustainability Officer, to execute the Memorandum of Understanding entitled “Memorandum of Understanding for the San Diego Regional Energy Network” and any extensions, amendments, and revisions thereof that do not materially impact or alter the program; and conduct all negotiations and submit all documents necessary to execute MOU agreements and responsibilities.

**EQUITY IMPACT STATEMENT**

The goal of SDREN is to ensure that no individuals or communities are left behind in the transformation to a clean energy economy. A majority of SDREN’s budget will fund programs that focus on disadvantaged and hard-to-reach communities, which include about 56 percent of the San Diego region population. Through program operation and implementation, SDREN will continue to gather input from stakeholders to inform the design and roll out of programs. The ten SDREN programs will address long-standing barriers and be accessible to communities who have not been historically included (e.g., black and indigenous people of color, low-income communities). An Advisory Committee, which will include representatives from local community-based organizations in hard-to-reach communities, will provide ongoing advisement on program implementation.

In alignment with the CPUC’s equity requirements, SDREN uses the terms “underserved communities” and “hard-to-reach customers” to describe focus populations in its portfolio. Additional details on how these terms are defined are included in Attachment B. Through program operation and implementation, SDREN will continue to gather input from stakeholders to inform the design and roll out of programs that address long-standing barriers and that are accessible to communities who have historically been excluded from governmental decision making and processes.

**SUSTAINABILITY IMPACT STATEMENT**

The approval of the County and SDCP’s MOU for SDREN will support the County’s sustainability goals by committing staff resources to implementation and administration of SDREN. Implementation of SDREN and its portfolio of programs aligns with the County’s Sustainability Goal #1, Engage the Community; Goal #2, Provide Just and Equitable Access to County Services; and Goal #3, Transition to a Green, Carbon-Free Economy. SDREN programs

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will be developed in partnership with community-based organizations and representatives from diverse geographic areas of the county, and implementation will focus on “hard-to-reach” and underserved communities in the San Diego region. Energy efficiency programs are key components of the County’s Climate Action Plan and Regional Decarbonization Framework to reduce greenhouse gas emissions associated with energy consumption and provide additional co-benefits including reducing exposure to health risks associated with extreme climate events.

**FISCAL IMPACT**

There is no fiscal impact associated with today’s action. Existing staff resources in OSEJ will support initial SDREN oversight and administration. Upon approval of the MOU, the County will coordinate with SDCP to determine a not-to-exceed reimbursement amount based on the assumed work efforts of 1.5 FTE. If approved, this request will result in future costs and revenue for SDREN activities which include program oversight, administration, and development. The funding source will be reimbursement from SDCP through the MOU and will be included in future Operational Plans for OSEJ. There may be costs associated with outreach, marketing, and/or printing materials to support program development and implementation. These costs are not recoverable under the MOU but are included in FY 2024-25 Operational Plan in the Land Use and Environment Group Executive Office. The funding source is General Purpose Revenue in the Office of Sustainability and Environmental Justice.

**BUSINESS IMPACT STATEMENT**

N/A

**ADVISORY BOARD STATEMENT**

N/A

**BACKGROUND**

Investor-owned utilities (IOUs), such as San Diego Gas & Electric (SDG&E), have inherent constraints within their energy efficiency program portfolio, including cost-effectiveness requirements that limit the breadth of program offerings. RENs present a unique opportunity to fill demonstrated gaps in regional energy efficiency programs and program participation. RENs have been important avenues for local government agencies in California to offer energy efficiency programs for residents and businesses, playing a key role in the transformation of the State’s clean energy future. RENs use funds already collected by utilities and distribute those funds through regional programs for local businesses, residents, public agencies, and community organizations.

Applications to create a Regional Energy Network (REN) require at least two local government entities in their governance structure. On September 26, 2023, staff provided a memo to the Board informing that the Office of Sustainability and Environmental Justice (OSEJ) would submit a letter of support to San Diego Community Power (SDCP) to co-lead the establishment of San Diego Regional Energy Network (SDREN). In October and November of 2023, the County supported SDCP’s development of the SDREN business plan while also requesting letters of support from other jurisdictions, agencies, and stakeholders throughout the region. Together with the County’s letter of support, more than 40 letters of support from businesses, community-based organizations, public agencies, academic institutions, and environmental groups were attached in

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the application SDCP submitted to the CPUC on January 5, 2024. On August 1, 2024, the CPUC signed the resolution to establish a REN for the entirety of the San Diego region as proposed by SDCP and the County's joint application, thereby establishing the SDREN.

To further define and establish responsibilities for each agency, SDCP and the County have drafted a Memorandum of Understanding (MOU) (Attachment A) to define the goals and objectives for the SDREN, as well as outline administrative and governance responsibilities with respect to implementation. The MOU also establishes funding and reimbursement mechanisms allocating County staff time in amounts not to exceed 1.5 FTE as allowable costs, reimbursable through SDREN funding. With the Board's approval of the MOU, the Board authorizes the County to receive staff time reimbursement associated with SDREN implementation activities.

Co-managing the SDREN allows the County to shape the development of energy efficiency programs aligned with the 2024 Climate Action Plan, a tool to reduce greenhouse gas emissions in the unincorporated area and at County facilities and operations throughout the region, as well as the strategy and measures established in the County's Zero Carbon Portfolio Plan, which has a goal of 90% reduction in operational carbon emissions by 2030.

In addition, the Board has directed action and established goals to advance sustainability, address environmental justice, and promote workforce development in the region. This includes the Regional Decarbonization Framework (RDF), which promotes public and private interests working together to move the entire San Diego region toward zero carbon emissions by mid-century. As part of the RDF's "Let's Get There Playbook," establishment of a REN was identified as a potential strategy for the San Diego region to advance building decarbonization initiatives. SDREN would provide energy efficiency programs that reach communities and businesses most in need, while also reducing greenhouse gas emissions. This effort would bring a collaborative investment to our region through programs and services designed to increase energy affordability, reduce pollution, and improve health in underserved and hard-to-reach communities. SDREN will weave equity through its energy efficiency programs through data collection and direct insights from community members about their lived experiences.

The CPUC first introduced RENs in California in 2012 to increase involvement of local governments in energy efficiency initiatives. Statewide, RENs have been important avenues for local government agencies in California to offer energy efficiency programs for residents and businesses, playing a key role in the transformation of the State's clean energy future. RENs are authorized, regulated, and funded by the CPUC, and they operate in the same service area as an existing Investor-Owned Utility (IOU), which would be the San Diego Gas & Electric (SDG&E) area of operations for the San Diego region. The County will serve on the SDREN's Oversight and Administration Team – the de facto Executive Committee for the SDREN. As part of the application process, the County and SDCP also developed a 2024-2031 Strategic Business Plan (Business Plan) and 2024-2027 Portfolio Plan (Portfolio Plan), as required by the CPUC. The Business Plan outlines the eight-year purpose, vision, and need for a REN in the San Diego region, and identifies the ten programs that would be implemented. The Portfolio Plan outlines the four-year budget for REN administration and programming, as well as details for specific programs and implementation.

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Prior to SDREN, the CPUC had approved five other RENs in the State. These five RENs serve about 86 percent of California’s population within 51 counties and 513 cities. The five established RENs are:

1. Southern California REN (SoCal REN): established in 2013 and administered by the County of Los Angeles;
2. Bay Area REN (BayREN), established in 2013 and administered by the Association of Bay Area Governments;
3. Tri-County REN (3C-REN), established in 2019 and administered by the Counties of San Luis Obispo, Santa Barbara, and Ventura;
4. Inland REN (IREN), established in 2021 and administered by the Western Riverside Council of Governments, Coachella Valley Association of Governments, and San Bernardino Council of Governments; and
5. Rural REN, established in 2023 and segmented in October 2024 into the North Coast RuralREN, administered by Redwood Coast Energy Authority, and Central California RuralREN, administered by the County of San Luis Obispo.

The San Diego region has been the only area of the state eligible for a REN that did not have one. SDREN benefits the entire region including Tribes and members serviced by the region’s two Community Choice Aggregators, SDCP and Clean Energy Alliance (CEA).

RENs are funded via the Public Purpose Program Surcharge which is an existing line item on utility bills that supports low-income and energy efficiency programs and does not increase as a result of the creation of RENs. RENs present a unique opportunity to fill existing gaps in energy efficiency programs traditionally offered by IOU companies, such as SDG&E. The programs offered by each REN vary based on community, business, and resident needs but accomplish similar goals and provide benefits to residential, commercial, and public sector customers as well as the local workforce. RENs do not duplicate existing programs, but supplement and complement those programs. SDREN has filed a Joint Cooperation Memo with SDG&E that outlines coordination protocols between programs to ensure services fill gaps, meet regional needs, and avoid duplication.

As required for an application submission to establish a REN, SDCP and the County also created and submitted a Strategic Business Plan and Portfolio Plan. Alongside CPUC approval to establish SDREN, a budget of \$124 million for the first four years of operation (2024-2027) was also approved. As noted, this budget will be funded entirely through the Public Purpose Program Surcharge authorized by the CPUC that is already being collected by SDG&E. This charge covers a variety of costs associated with administering State-mandated programs such as low-income and energy efficiency programs. Funds are authorized by the CPUC and distributed via SDG&E. SDREN’s budget allocates funds across focused sectors of commercial, residential, public, and “cross-cutting” (i.e., Codes and Standards, and Workforce, Education, and Training) in close alignment with the distribution of electricity consumption within the San Diego region. Approximately 60 percent of the budget will go toward commercial and residential programs, 20 percent to public programs, and the remaining 20 percent to “cross-cutting” programs.

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**Proposed SDREN Governance Structure**

SDREN is structured as a partnership between SDCP and the County, whose structure and governance are outlined in the MOU and shown graphically in Attachment B. The governance and operations framework consists of four main roles: Oversight and Administration, Lead Portfolio Administrator, Advisory Committee, and Program Operations Team.

<b>Governance Roles</b>	<b>Description</b>
Oversight and Administration	SDCP and the County comprise the Oversight and Administration team, provide portfolio-level vision and strategy, enact program changes during the portfolio cycle, and oversee the Business Plan. Important decisions will be made using a consensus process. The team will be made up of the County’s Chief Sustainability Officer and one or more designated County staff, and SDCP’s Director of Programs and one or more designated SDCP staff.
Lead Portfolio Administrator	SDCP is the Lead Portfolio Administrator and will administer day-to-day SDREN activities and have the primary responsibility for fiscal management, procurement, and contracting activities. The CPUC authorizes SDREN budgets and allocations and SDCP is responsible for identifying and implementing any changes to the CPUC approved budget allocations based on performance and needs according to CPUC rules and guidelines. As public government entities, both SDREN and SDCP must maintain transparent and open budget and fiscal operations. Oversight of fiscal operations will regularly be made available for public review, and the Advisory Committee, noted below and inclusive of community members and organizations, will serve advisory roles for additional oversight.
Advisory Committee	The Advisory Committee will include local stakeholders with an interest in energy efficiency or energy use reduction. The makeup of this Advisory Committee will be established in 2025, and include, but not be limited to, local and regional governments and community-based organizations. The Advisory Committee will seek to include representation from hard-to-reach communities, which include rural, tribal, and systemically impacted communities across the San Diego region. In addition to regular touchpoints with the general public through SDCP’s public meetings, SDREN will consider additional touch points (e.g., open forums) for inclusion in the SDREN Advisory Committee charter. The Advisory Committee will advise the SDREN Oversight and Administration on outreach and enrollment, provide feedback on program evaluation reports, and recommend program improvements.
Program Operations Team	The Program Operations Team, composed of SDCP staff and third-party implementers (i.e., contractors) will oversee day-to-day program operations and administration of each program in the portfolio.

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The MOU formalizes these roles and responsibilities, as well as outlines the specific activities for which County staff will support and lead administrative, marketing and outreach, program development, direct implementation, and evaluation responsibilities.

**Overview of Planned SDREN Programs**

As required by the CPUC, SDREN programs will deliver a service that the Utility cannot, pilot activities that could be scalable to a broader geographic reach, and offer programming to hard-to-reach markets where there is no current utility program. The programs outlined within the SDREN portfolio will not duplicate existing programs offered by SDG&E. IOUs have inherent constraints within their energy efficiency program portfolio, including cost-effectiveness requirements that limit the breadth of program offerings. SDREN will fill demonstrated gaps in the region in program participation. SDREN has filed a Joint Cooperation Memo (JCM) with SDG&E that outlines coordination protocols between programs to ensure services fill gaps, meet regional needs, and avoid duplication. SDREN will coordinate with additional stakeholders that do not fall under the JCM, such as regional employers, college districts, and high schools, to inform program design and implementation.

The SDREN portfolio offers ten programs across multiple sectors including residential (single-family and multifamily), commercial (small to medium businesses), public sector (including Tribes), and “cross-cutting” sectors.

*Residential Programs*

Residential programs will fill gaps in current SDG&E offerings to multifamily and single-family customers by providing customized support and education to hard-to-reach renters and homeowners. Two residential programs include:

- Single-Family Program: Creates a concierge-style home energy advisor service, connecting residents to program information, funding and financing opportunities, and offers rebates and incentives.
- Multifamily Program: Targets multifamily property owners, managers and tenants offering incentives and rebates and customized technical assistance to address facility upgrades that impact both common area measures and renter-specific in-unit utility bill savings.

*Commercial Programs*

Commercial sector programs will fill gaps and will be closely coordinated with SDG&E programs.

- Efficient Refrigeration Program: Offers EE education and no-cost, direct installation of efficient refrigeration equipment to small businesses, supporting energy cost savings and stocking of healthy, fresh, affordable food products.
- Small- and Medium-Sized Business Energy Coach: Engages with small- and medium-sized businesses providing technical assistance and facility benchmarking and EE opportunity assessments, supporting access to available funding and financing, and offering measures at no cost.



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- Market Access Program: Provides performance-based incentives to project developers who deliver peak demand reductions and verified energy savings. This program offers customizable services and financial benefits to underserved businesses and delivers EE and electrification upgrades.

*Public Programs*

Public sector programs will engage directly with public agencies and Tribes to fill gaps in SDG&E services and connect to SDG&E programs where applicable.

- Climate Resilience Leadership: Provides customized guidance and technical services to public agencies for identifying and implementing EE projects.
- Tribal Engagement: Creates a pathway for Tribes and Tribal organizations in the San Diego region to develop and implement energy-related initiatives.

*Cross-Cutting Programs*

Cross-cutting programs supplement existing SDG&E offerings and support the development of a green workforce.

- Codes and Standards Program: Supports local government permitting agencies to enhance energy code compliance and embrace advanced energy codes, standards, and policies.
- Workforce Training and Capacity Building: Focuses on skill development for new and incumbent workers, aiming to build accessible pathways into the green workforce.
- Energy Pathways Program: Provides high school students with personalized guidance and access to a diverse network of mentors and training resources to develop students' skills and awareness of green career pathways.

Further program details can be found in Attachment B.

**ENVIRONMENTAL STATEMENT**

It is recommended that the Board of Supervisors find that the proposed actions are exempt from the California Environmental Quality Act (CEQA) under Section 15378(b)5) of the State CEQA Guidelines because the proposed action is not a project.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's proposed action to approve SDCP and the County's MOU for SDREN supports Sustainability (Economy, Climate, Resiliency), Equity (Economic Opportunity), Empower (Workforce), Community (Engagement, Partnership), and Justice (Environmental) Strategic Initiatives in the County of San Diego's 2024-2029 Strategic Plan by committing County staff resources to the development, implementation, and oversight of SDREN programs that support energy efficiency programs and distribution of resources in an equitable manner. Through the offered programs, SDREN fills significant energy efficiency program and outreach gaps that currently exist in the region and focus on the energy needs and challenges of populations who are more vulnerable to the effects of climate change. These programs are designed to support communities from being left behind in our regional transition to a clean energy future.

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Dahvia Lynch', with a long horizontal flourish extending to the right.

DAHVIA LYNCH  
Deputy Chief Administrative Officer

**ATTACHMENT(S)**

ATTACHMENT A – MEMORANDUM OF UNDERSTANDING FOR THE SAN DIEGO  
REGIONAL ENERGY NETWORK

ATTACHMENT B – SAN DIEGO REGIONAL ENERGY NETWORK PROGRAM  
SUMMARY SHEET

ATTACHMENT C- CALIFORNIA PUBLIC UTILITIES COMMISSION DECISION  
ADDRESSING MOTION FOR AUTHORIZATION OF SAN DIEGO REGIONAL ENERGY  
NETWORK