

SCE's Business Plan articulates the IOU's perceived customer challenges facing the Public Sector. Specifically, for the local government (LG) segment, SCE gained direct customer feedback by hosting a series of meetings to identify specific issues that are faced by LG customers. The intent is to provide Offerors with specific LG customer feedback. The feedback does not reflect input from all LG customers nor customers from other segments within the Public Sector. Some of these challenges may also face other segments within the Public Sector.

The following are LG customers' perceived challenges to increase program participation and/or higher energy efficiency levels:

The Public Sector has previously been considered part of the Commercial Sector. In the past, the Public Sector was grouped as a subset of the Commercial Sector. It has not received a Sector level focus in potential and goals or evaluation studies. In addition, program assumptions such as deemed energy savings values, effective useful life, incremental measure costs and net-to-gross ratios have been inappropriately adopted from the Commercial Sector without consideration of Public Sector conditions. Consequently, the lack of foundational data makes it challenging to set realistic goals and understand opportunities at a local level. The arbitrary assignment of Commercial Sector cost effectiveness values has negatively impacted TRC as they are not reflective of Public Sector conditions.

Local governments often have insufficient benchmarking of facilities to identify savings. Local governments have not received a consistent level of service from IOU programs supporting benchmarking activities. Although benchmarking assistance has been provided by the IOUs in the past, it has not been done in a consistent manner that allows for the development of location-specific savings goals and targets. Benchmarking should include a monetary value of energy costs to help drive decision making and prioritization. Benchmarking should also include Green House Gas values to drive toward climate goals and support locally adopted climate action plans.

Local Governments find navigating the current IOU programs challenging. Multiple program paths provide a challenge to implementing comprehensive energy efficiency projects. Local governments need support in understanding what offers and programs can be utilized to fund individual projects. At times, there are conflicts and limitation with other existing programs offered by other IOUs, Municipal Utilities, State of California and other sources. Long approval timelines for custom projects delays implementation and creates timing issues with fiscal year budgeting. The frequency of measure eligibility and incentive availability creates uncertainty. The timing also becomes a challenge as local governments have longer project implementation timelines due to approval and procurement requirements. Solutions need to be local government customer focused to be successful. The complexity of current IOU programs has resulted in increased implementation transaction costs and often been a barrier to implementing smaller projects. Local governments are often faced with limited staffing and frequent turnover with limited back up that creates a challenge to understand overlapping processes and changing rulesets.

Local Governments often need support to develop, seek approval, procure and implement projects. Even where there is ability, there is often not capacity from local government staff to engage in all of the end to end steps to drive energy efficiency projects. Benchmarking, opportunity prioritization, audits, calculation and IOU review support are essential services to drive projects. In addition, local governments need support in developing proposals for approval that are able to leverage all available funding sources (incentives, grants, financing, etc.) to make compelling cases against competing interests in seeking funding approvals. Local governments often face challenges in finding trained qualified contractors that understand the public procurement processes and the code 4217 and 6500 applicability.

Local Governments must often rely on alternative financing due to capital constraints. IOUs frequently have different rule sets and applications for on bill loans that evolve over time. Local governments often find it challenging to meet loan minimums with small projects and facilities. Therefore, projects often need to be bundled to meet loan requirements that delays implementation and prolongs funding disbursement as all projects must be complete. Frequent changes into the eligibility and availability of the incentives can impact the loan viability. As funding is not provided until the project is complete, it often requires local governments to find bridge funding with high carrying costs.

Rural local governments have unique challenges due to size and geographic challenges. The Hard to Reach (HTR) definition does not include Public Sector owned facilities that may be found in rural communities. IOU and implementers have not provided a consistent level of service to rural communities. Rural local government generally have a reduced level of staffing that take on multiple roles and require assistance in navigating energy efficiency programs.