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Description:	Staff Draft Recommendations for the Energy Commission's SB 350 Low-Income Barriers Study. These draft recommendations supplement the information included in the 2016 Energy Commission report "A Study of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities (Staff Draft)."
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SB 350 Low-Income Barriers Study Recommendations

The Governor and Legislature’s recent actions are driving a complete transformation in the way Californians produce and use energy. In keeping with this theme, Senate Bill 350 (De León, Chapter 547, Statutes of 2015) set ambitious goals for both developing renewable energy and advancing energy efficiency. SB 350 also takes steps to ensure California’s clean energy transformation includes a strong focus on equity to ensure benefits are realized by all Californians, especially those in the most vulnerable communities. Developing local workforce participation in clean energy programs is also integral to enabling the full range of benefits for low-income residents.

The California Energy Commission has engaged the public extensively to seek stakeholder identification of the barriers that block low-income and disadvantaged communities from access to energy efficiency and renewable generation, as well as specific recommendations regarding how to overcome those barriers.

Consequently, and in keeping with the mandate created by SB 350, the Energy Commission offers the recommendations provided below. Special attention has been given to crafting recommendations that offer scalable, sustainable solutions; that address low-income customers’ inability to access traditional financing mechanisms available to most Californians; and that are mindful of public funding limits.

This list of recommendations is provided as a supplement to the information included in the 2016 Energy Commission report *A Study of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities (Staff Draft)*.¹

1. The State should take action to enable the economic advantages of community solar to be readily accessible to low-income and disadvantaged populations across California (for investor-owned utilities [IOUs]), publicly owned utilities [POUs], and other load-serving entities).
 - a. The Legislature should consider authorizing an exemption for low-income customers from fees that cause the cost of community solar to exceed the cost of onsite solar. This exemption could be time-limited and declining, similar to the California Solar Initiative (CSI) program.
 - b. The Legislature should direct POUs to develop pilot community solar offerings for low-income customers within their territories.
 - c. The California Public Utilities Commission (CPUC) should consider other program and policy options to reach low-income customers in its net energy metering (NEM) proceeding.

¹ Scavo, Jordan, Suzanne Korosec, Esteban Guerrero, and Bill Pennington. 2016. *A Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities*. California Energy Commission. Publication Number: CEC-300-2016-009-SD.

STAFF DRAFT – FOR PUBLIC REVIEW AND COMMENT

2. The State should develop a series of energy upgrade financing pilot programs to evaluate a variety of models to improve access and participation of low-income customers, including those in disadvantaged communities.
 - a. The CPUC should develop an on-bill financing pilot program for low-income and disadvantaged communities using a pay-for-performance model. The Energy Commission should encourage and assist in the adoption of a pay-for-performance model among POU and rural electric cooperatives.
 - b. The Legislature should authorize development of a CleanCARE pilot program, or similar program design, to provide low-income customers the option to use their California Alternative Rates for Energy (CARE) subsidy to purchase shares in a community solar offering.
 - c. California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) should establish a pilot program for low-income customers statewide, including POU territories, similar or complementary to the California Hub for Energy Efficiency Financing (CHEEF)² program to leverage State efforts. The pilot program should include the cost of health and safety measures required to accomplish energy efficiency upgrades. Coupled with related programs, CAEATFA should include an interest rate buy-down pilot for energy improvements for market-rate, low-income single-family and multifamily housing.
 - d. The State Treasurer’s Office, in coordination with other state entities, should offer a credit enhancement pilot program to encourage financing for energy improvements for market-rate, low-income multifamily housing and commercial, community, and industrial buildings in disadvantaged communities. Options could include establishing a financial warehouse line of credit or subordinated capital.
 - e. The State Treasurer’s Office should establish a pilot program to evaluate the potential for social impact bonds to increase investment in energy upgrades for low-income customers.
3. The Legislature should expand opportunities for low-income and disadvantaged populations that own or rent to utilize solar, such as the Single Family Affordable Solar Housing (SASH) and Multifamily Affordable Solar Housing (MASH) programs, by:
 - a. Augmenting funding to serve low-income and disadvantaged communities at the same penetration as the CSI has achieved for the general population.
 - b. Allowing funding to be used to support community solar for low-income customers.
 - c. Requiring POU to develop pilot programs similar to SASH/MASH for low-income customers.
 - d. Emphasizing special attention to tribal communities and communities not served by utilities.

² These pilots target single-family housing, master-metered multifamily housing, and commercial properties, and may offer credit enhancements such as loan-loss reserves and debt-service reserves, as well as on-bill repayment options.
http://media.wix.com/ugd/bf4112_1e4194dc25e74393ae468eb8c4351ef4.pdf

STAFF DRAFT – FOR PUBLIC REVIEW AND COMMENT

4. The California Tax Credit Allocation Committee (TCAC) should make energy efficiency and onsite renewable energy tax credits a high priority for low-income affordable housing rehabilitation projects. CAEATFA should establish credit enhancements to support energy efficiency and renewable energy improvements to coincide with TCAC tax credit events at rehabilitation.
5. The Legislature should require all program delivery agencies to establish metrics and collect and use data systematically across programs to increase the performance of these programs in low-income communities, including requirements to:
 - a. Develop standardized energy equity indicators as metrics to ensure low-income customers are being served. Use this metric to set a statewide baseline and track performance over time.
 - b. Target program services to increase coverage and improve equity.
 - c. Develop a common database for use by program delivery agencies and other community partners.
 - d. Use market intelligence to achieve data-driven program design and target best intervention strategies that serve low-income needs.
 - e. Ensure that low-income persons have product selection options and information necessary to avoid driving up their plug-load energy use because low-cost appliance and consumer products are commonly the least energy-efficient.
 - f. Program participation should include a condition for permission to access participant, project, and pre-/post-consumption data by the State to enhance service delivery and for evaluation and planning.
6. The Energy Commission, in consultation with the CPUC and California Department of Community Services and Development (CSD) and other related state agencies, should establish a pilot program for up to 10 regional one-stop shops to provide full-service support to building owners, tenants, and small businesses in low-income and disadvantaged communities to enable clean energy and water upgrades in their buildings. This pilot program should also support a range of local service delivery providers and leverage existing Web portals, such as Energy Upgrade California®, with information provided in a variety of languages and in a format relevant to their communities.
7. The State should establish a new office with oversight of all state agencies administering energy, water, resilience, and housing programs for low-income customers and disadvantaged communities. Require collaboration, standardization, streamlining, integration, and cofunding opportunities with related federal, state, and local agencies, including actions to:
 - a. Expand direct-install energy programs to include upgrades for water-efficient appliances for customers in low-income and disadvantaged communities.
 - b. Initiate pilot programs that address entire neighborhoods in disadvantaged communities, rather than building-by-building. Future expansions should include cases where low-income households are located outside disadvantaged communities.

STAFF DRAFT – FOR PUBLIC REVIEW AND COMMENT

- c. Ensure that energy retrofit programs have access to funds that allow for addressing non-energy work, such as asbestos, lead, and mold removal and structural maintenance.
 - d. Develop a comprehensive action plan on improving opportunities for energy efficiency and renewable energy for multifamily housing, with particular attention to pilot programs for master-metered rental properties in low-income and disadvantaged communities. The pilot programs should consider opportunities for expansion of virtual net metering.³
 - e. Engage with the federal government to explore program development and alignment opportunities, share best practices, and leverage research and cofunding potential for all energy, water, and housing programs.
 - f. Require all state programs to place a high priority on identifying and incorporating best practices in other states with high-functioning programs that serve low-income and disadvantaged communities.
 - g. In support of improved program delivery, the Energy Commission, CPUC, and California Air Resources Board (ARB) should establish common definitions of non-energy benefits (NEBs) and standards to measure them. NEBs for low-income communities are essential services that are inseparable from the delivery of energy services.
8. The Legislature should direct all state programs to leverage and allocate resources for collaboration and involvement of trusted and qualified community-based organizations (CBOs) in community-centric delivery of clean energy programs to:
 - a. Communicate program information to customers and obtain ongoing feedback from customers.
 - b. Communicate contract information to small businesses.
 - c. Develop local workforce to expand access to entry-level and high-quality jobs in the clean energy economy.
 9. The State should create a consumer protection task force to help prosecute companies who use misleading information or engage in predatory practices to take advantage of low-income customers seeking access to clean energy benefits.
 10. The Energy Commission and CPUC should direct research, development, demonstration, and market facilitation programs to include targeted benefits for low-income customers and disadvantaged communities.
 - a. The Energy Commission’s Electric Program Investment Charge program should target 25 percent of technology demonstration and deployment funding for sites located in disadvantaged communities.
 - b. Energy Commission research development and deployment programs should conduct forums to share best practices and case studies on current projects located in disadvantaged communities.
 - c. The Energy Commission should conduct analysis on potential business models that would create market opportunities for emerging clean energy technologies to be deployed in a manner that directly benefits low-income

³ CPUC decision expanding virtual net metering to the general multifamily market: http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/139683.htm

STAFF DRAFT – FOR PUBLIC REVIEW AND COMMENT

- customers and disadvantaged communities, including, but not limited to, tribal communities, rural communities, and mobile home communities.
- d. The Energy Commission should sponsor prize competitions and challenges to spur novel ideas and solutions for bringing clean energy technologies to disadvantaged communities and low-income customers.
 - e. The IOUs – Pacific Gas and Electric Company, Southern California Electric Company, and San Diego Gas & Electric Company - should follow the Energy Commission’s lead and include a focus on bringing clean energy and emerging technologies to disadvantaged communities in their 2018-2020 EPIC Investment Plans.
 - f. The CPUC should direct the IOUs to develop low-cost electricity and natural gas pilot projects in disadvantaged communities in the San Joaquin Valley to support the goals of Assembly Bill 2672 (Perea, Chapter 616, Statutes of 2014).⁴
11. The Energy Commission and CPUC should partner proactively with the California Labor and Workforce Agency, the Workforce Investment Boards, and other agencies, as well as consult with the UC Berkeley Labor Center and the relevant trade unions and community-based organizations, to design a strategy that meets workforce, community, and clean energy goals. This strategy should take into account the following:
- a. Ensure that each state-administered low-income program has a local workforce development component. This workforce development should be provided through direct hiring and training, through CBOs that have demonstrated to have hired and trained locally, or with organizations that run apprenticeship programs.
 - b. Require energy efficiency service companies that receive state or utility funding to train and/or hire a (to be determined) percentage of individuals from low-income and disadvantaged communities. A set of contractor and workforce standards and other interventions should be included in the program requirements for efficiency incentive programs.
 - c. Expand the use of community workforce agreements for clean energy contracting.
 - d. IOUs should align their workforce education and training programs with, California’s main training and education institutions, with a particular focus on disadvantaged communities.
12. The State should conduct an in-depth, data-driven study to determine actions for increasing contracting opportunities for small businesses in low-income and disadvantaged communities.

⁴ This bill required the CPUC to identify disadvantaged communities in the San Joaquin Valley using special criteria, and to analyze and pursue economically feasible, cost-effective options to increasing access to affordable energy in those disadvantaged communities.