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## **Comments of the BayREN to SB 350 Draft Market Barriers Report**

*Additional submitted attachment is included below.*

**BEFORE THE CALIFORNIA ENERGY COMMISSION**

**Document CEC-300-2016-009-SD**

**COMMENTS TO DRAFT STAFF REPORT “A STUDY OF BARRIERS AND  
SOLUTIONS TO ENERGY EFFICIENCY, RENEWABLES AND  
CONTRACTING OPPORTUNITIES AMONG LOW-INCOME CUSTOMERS  
AND DISADVANTAGED COMMUNITIES”**

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For THE SAN FRANCISCO BAY  
AREA REGIONAL ENERGY  
NETWORK

September 27, 2016

## **I. INTRODUCTION**

The Association of Bay Area Governments (“ABAG”), on behalf of the San Francisco Bay Regional Energy Network (“BayREN”) is pleased to submit these comments to the California Energy Commission on the Draft Staff Report “A Study Of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities” (the Study). The BayREN is a collaboration of the nine counties that make up the Bay Area. Led by ABAG, the BayREN implements effective energy saving programs, including single family and multifamily residential programs, on a regional level and draws on the expertise, experience, and proven track record of Bay Area local governments to develop and administer successful climate, resource, and sustainability programs. Since its inception in 2013, the BayREN has been addressing the three areas indicated by the CPUC in Decision 12-11-015: filling gaps that the investor-owned utilities are not serving; developing programs for hard to reach markets; and piloting new approaches to programs that may have the ability to scale and offer innovative avenues to energy savings. The result of the BayREN programs, to date, is approximately \$20 million dollars in incentives paid, and savings of 7.5 million kWh and 716,777 therms. The BayREN is eager to partner more deeply with State agencies to achieve the bold goals identified by the Governor, SB 350 and in policy documents issued by the agencies.

## **II. ADDRESSING HARD TO REACH MARKETS**

The Regional Energy Networks (RENs) have a unique place in the energy efficiency arena. As collaborations of local governments, directly receiving ratepayer funds, RENs are in a position to address markets and challenges that are not as well suited for typical utilities. RENs have a broader mission than IOUs to serve their communities and constituents with multiple services, tackling multiple needs. This mission in turn would allow RENs to create programs that can address disadvantaged communities and low-income residents from a number of perspectives, breaking down some of the barriers addressed in the Study. In addition to energy efficiency,

BayREN is working with other departments within ABAG to address resiliency within the residential sector with the goal of preventing displacement after a hazardous event. Addressing seismic, energy and water efficiency before a natural disaster will allow more residences to withstand the hazardous event. This is even more critical within the disadvantaged community given the high rental market that would price many displaced renters out of the Bay Area market, causing them to be alienated from their communities.

### **III. OVERARCHING COMMENTS**

The Study overall covers the issues and challenges within the low-income communities' very well. Several important elements could be articulated more strongly. Most of the barriers identified are true for the entire residential market – high-, middle and low-income - where cost effectiveness is a constant and routine challenge. (BayREN appreciates the comments to the Draft plan submitted by Rising Sun Energy on this issue and joins in those comments. The cost-effectiveness issue is a significant barrier to successful program implementation in hard to reach markets.) These issues are exasperated in low-income communities due to many of the characteristics identified in the Study. It is important to recognize the similarities of barriers with low-income and mainstream programs so potential lessons learned within the other energy efficiency programs are not lost to this sector.

The Study correctly identifies many challenges for this sector, especially as it is related to tenant's verses owners and multifamily buildings. However, this distinction should be more clearly segmented so that solutions are directly related to the audience intended and it is clear how resources can and should be spent to achieve the greatest impact. Facts about the characteristics and demographics are scattered throughout the report and would be more easily comprehended if they were consolidated in a single section. For example, how many single-family houses are low-income? How many low-income single family homes are owner occupied verses renters? How many units are there compared to number of buildings for low-income multifamily? What percentage of those falls into HUD categories? What is the geographic

breakdown of these communities? Urban? Rural? Southern California/Central/Northern? A greater level of detail here could help focus and target the list of potential solutions and identify those that may be best adopted by the state and other program administrators.

#### **IV. SPECIFIC COMMENTS**

We submit comments specific sections of the draft study:

- Data (page 29) -The Study discusses the need for more accessible data. It does not indicate that the utilities have access to this data – particularly historic energy usage – that can be used to help target and help low-income customers achieve better savings. The utilities have been historically very reticent to share this data even with sister agencies or local governments who are in the position to collaborate and address the inequalities in the market most effectively. The CPUC has recently issued a proposed decision requiring the IOUs to work with CSD to develop an agreement to share data and increase coordination. (See Application 14-11-007, 009,010,011 Alternative Proposed Decision Commissioner Sandoval). This effort and ongoing work by the CEC to make this utility data available to partners is critical to addressing this barrier.
- Utilize trusted advisors (page 32 and 44) – The Study indicates that low-income residents are distrustful of utilities due to the challenges with bills and service. Regional Energy Networks can be an important connective tool for low-income communities, providing a more trusted source for information, advice and to engage them via outreach and education in energy efficiency.
- PAYS™ (page 37) -The PAYS program, managed and operated by the BayREN is a good example of an effective financing tool that also addresses water conservation. Programs that can help property owners and tenants achieve more than energy savings are important to increase interest and participation. (BayREN has submitted separate comments regarding PAYS.)

- Integration of Programs and Services (page 45) – One of the solutions offered by the Study is to integrate Programs and Services and create a “one-stop model”. The BayREN’s Home Advisor program will be expanded in the coming business plan to provide services to disadvantaged communities and to help them connect to all kinds of programs. In addition, programs such as the BayREN PAYS program which addresses water and energy can be expanded to address multiple needs for this audience.
- Outreach and Education (page 53) – The Study does not address one important element in the outreach and education – and that is the role of the contractor in the effort. Contractors are the face of programs once a person decides to have an upgrade completed. The involvement and engagement provided by the contractor can either create a good positive experience for the resident or the opposite. Residents rely heavily on their friends and community members for recommendations and advice and a bad review or good review can have exponential impacts in that community. Engaging and working with contractors to provide quality work, with respect and thoughtfulness is essential. Moreover, contractors benefit from having a resource to help them navigate energy efficiency, learn new skills, receive business development advice, etc. The BayREN Home Upgrade Advisor has been particularly effective as they work with both the homeowner and the contractor. This has resulted in fewer complaints by both parties.
- Contracting (page 56) - A major barrier to becoming a local small business is the certification process itself. The amount of paper work, complexity and time to become initially certified as a DBE is beyond most small businesses and the ongoing needs to keep the status updated is equally a burden. The State should consider a simpler process such as the Federal Government’s self-certifying small business approach or means to make the application process short and simple. The safe guards to dissuade fraud are such that they do not allow those who need to participate to participate. BayREN –

through our local members – do a great deal of training and outreach to contractors. This could be expanded to include assistance on the certification processes.

## **V. ADDITIONAL SOLUTIONS TO CONSIDER**

Below are additional solutions to some of the identified issues for consideration.

### ***1. Building verses customer focused***

Nearly all of the solutions identified are customer centric. This is a typical approach for EE programs, particularly as they relate to the use of ratepayer funding. However, the complexities related to unit-by-unit (customer-by-customer) approaches, tenant turnover and financial elements make that approach burdensome and perhaps not as effective compared to addressing the building as a whole, inclusive of all occupants. ROI, long-term investment, facility management training and property based financing are all tools, which would be more enticing to a property owner compared to a tenant, especially if some of the disincentives related to utility billing subsidies are addressed. In the multifamily sector, the buildings are often operated and managed more like a commercial building and EE programs should implement appropriate interventions designed for the unique financial demands and interests of that sector. In addition, there is an opportunity to implement portfolio approaches if the property owner has more than one building, a strategy that has been effective for BayREN's multifamily program. Some economies of scale could be achieved that would overcome the transactional costs and upfront financial barriers. The BayREN Multifamily program has been successfully working with multifamily property owners in market based housing, offering comprehensive technical assistance, financing and rebates to address many of the barriers identified in the Study. Lessons from this program (and indeed connections to the program) may be very useful to improve success of low-income efforts.

### ***2. Community Scale***

Just as customer-by-customer approaches are difficult to scale, building-by-building approaches may also be less effective than addressing an entire neighborhood. As the Study



indicated, low-income eligibility criteria might not be consistent in neighboring buildings, creating barriers. However, if California wants to address the major inequities in this market, updating criteria and allowing for broader definitions may be possible to address the community and achieve much greater savings than going building by building. This is particularly true for two critical areas – financing and renewable energy. There is the potential to add Enhanced Energy Infrastructure Districts (EIFD) (enabled by SB 628 and AB 313)<sup>1</sup> to the tool box of financing options mentioned on page 34, and fund solar, low-income housing and energy efficiency by creating special EIFD districts. In addition, creating a district allows for community solar projects, long-term engagement and behavior approaches with neighbors and building trust by indicating a long-term investment in the community. This approach would be most effective with a local government lead (city, REN or CCA) in cooperation with a utility as a partner. This approach helps to reduce many of the barriers identified in the Study and encourages use of trusted local government agents, creates an opportunity for stronger and longer-term involvement with contractors, as well as the ability to consider non-energy activities related to transportation, water, waste and air quality.

#### **IV. CONCLUSION**

BayREN appreciates consideration of these comments and looks forward to being an active stakeholder in helping the state reach SB 350 goals.

Dated: September 27, 2016

Association of Bay Area Governments



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<sup>1</sup> [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=2013201405B628](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=2013201405B628)