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*Comment Received From: Stephanie Wang*

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## **CSE Comments on 350 Barriers & Solutions Report**

*Additional submitted attachment is included below.*



September 28, 2016

California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814-5512

Dear Commissioners and Staff:

Thank you for the opportunity to provide these public comments regarding the September 9, 2016 draft of *A Study of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities* (Draft Report).

The Center for Sustainable Energy® (CSE) is a national nonprofit organization that works with consumers and organizations to accelerate the transition to a sustainable world powered by clean energy. CSE works to advance access to and adoption of energy efficiency, renewable energy, clean transportation and other sustainable energy solutions among all Californians through program design and implementation, policy development, education and outreach, and technical assistance.

California must increase access and participation in the clean energy economy for *all* Californians to meet the state's energy efficiency and climate goals by 2030. CSE commends the Commission for providing a thorough study of the barriers to adoption of sustainable energy solutions in underserved communities, and we are particularly impressed by Commission staff's collaboration with stakeholders to inform the Draft Report. We look forward to continuing to engage with this group to prioritize and advance solutions for overcoming these barriers across policy forums.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Wang".

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**Comments of the Center for Sustainable Energy regarding  
the California Energy Commission’s Draft *Study of Barriers and Solutions to  
Energy Efficiency, Renewables and Contracting Opportunities Among Low-  
Income Customers and Disadvantaged Communities***

The Center for Sustainable Energy® (CSE) provides the following recommendations in response to the Commission’s request for guidance on how to prioritize solutions for overcoming barriers to sustainable energy opportunities among underserved California customers and communities. In addition, we share insights from administering statewide education and outreach programs tailored for low-income customers and disadvantaged communities, as well as a few clarifications of the Draft Report’s descriptions of programs and research administered by CSE.

**I. PRIORITIZE OVER-ARCHING SOLUTIONS**

CSE recommends that the Report prioritize over-arching solutions that must be implemented across the California’s numerous energy programs, agencies, budgets and technologies. This Report presents a rare opportunity to tackle the fundamental barriers to market transformation and access to modern energy services for low income customers and disadvantaged communities in a systemic way. We also urge the Energy Commission to provide an actionable roadmap for implementing over-arching solutions, especially the solutions discussed below.

**a. Integrate Sustainable Energy Program Services**

The Draft Report shows strong stakeholder support for proactively supporting integration of energy programs for low-income customers and disadvantaged communities to enable a seamless experience for property owners and renters.<sup>1</sup> The siloed development and delivery of sustainable energy programs results in systemic participation barriers for each customer segment.

CSE recommends that the Report prioritize the over-arching solution of integrating sustainable energy program services and recommend three key strategies: (a) create tailored, “one-stop” services for each customer segment so they can easily take action, (b) align eligibility requirements across California programs, and (c) enable competitive selection of program

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<sup>1</sup> We agree with the NRDC’s and StopWaste’s recommendations to support concierge services in the Draft Report at page 45, as well as Community Energy Services Corporation’s point that integration should go further by providing bundled programs in the Draft Report at 46.

administrators that are committed to providing one-stop services, are trusted by underserved Californians, and can blend funding from multiple agency sources to provide a seamless customer experience.

Renters, homeowners and multifamily property owners need **tailored, one-stop services** that empower them to easily take action across low-income program budgets, technologies and agencies. This customer-centric approach is necessary to achieve the climate and energy goals of Senate Bill 350, by enabling customers to optimize their energy management solutions, streamlining the “cumbersome” process for participants, reducing the number of customer touch points, and taking advantage of resource synergies for the grid.

Customers are most motivated by opportunities that are tailored to their specific characteristics. Product developers and marketing agencies generally rely on sophisticated market segmentation, which involves identifying populations which respond similarly to commodities and marketing messages.<sup>2</sup> By offering one-stop services that provide menus of options tailored for specific customer groups, we can streamline the customer experience of considering and applying for sustainable energy programs, enabling customers to optimize their energy management solutions for the needs of their homes, businesses and lifestyles. We can also limit option anxiety and guide customers toward adoption of complementary opportunities with high net value from a grid planning perspective by offering additional incentives for preferred “bundles” of energy programs.<sup>3</sup>

Customer education is critically important, but it cannot produce by itself accelerated adoption of multiple demand side energy measures. For example, requiring customers to perform an energy efficiency audit prior to receiving a solar incentive through the California Solar Initiative (CSI) Program, which CSE administers in the San Diego Gas & Electric service territory, was not sufficient to drive increased energy efficiency adoption. While the audit provided some customer education, it did not provide any additional incentive for either the contractor or the consumer to incorporate energy efficiency into the project. In fact, solar contractors had disincentives to integrate these measures since it would reduce the customer’s load and the corresponding size of the solar project and associated income.

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<sup>2</sup> For information about the potential increase participation in energy efficiency programs through market segmentation, see Steven J. Moss, *Market Segmentation and Energy Efficiency Program Design* (November 2008).

<sup>3</sup> Energy management solutions can have far higher value when they are combined. For example, distributed solar generation combined with managed electric vehicle charging to reduce net load profile ramps and peaks will have far more value to the grid than each resource would have on its own. However, existing DSM programs were developed in silos, often resulting in disincentives for customers to adopt complementary solutions, such as energy efficiency and demand response.

Effective one-stop services programs provide a seamless experience across state and federal agency programs and budgets for low-income customers and disadvantaged community members. As the Commission found in the Assembly Bill 758 Existing Buildings Action Plan, low-income **program eligibility requirements** need to be made consistent across programs to increase customer adoption of multiple programs.<sup>4</sup> Further, if a consumer qualifies for one program, she should automatically qualify for other programs with the same requirements.

Similarly, the Commission should recommend **competitive solicitations to select program administrators** for one-stop services programs. An effective program administrator must be able to blend funding from various state and federal sources behind the scenes and deliver comprehensive services. As CSE proposed in recent comments to the California Public Utilities Commission regarding the design of the Assembly Bill 693 multifamily affordable housing solar roofs program, a one-stop services program may need to include services ranging from benchmarking coaching to connecting skilled workers from disadvantaged communities to local solar jobs.<sup>5</sup>

#### **b. Establish market transformation goals and initiatives**

California has taken a markedly different approach to targeted solutions for low-income customers and disadvantaged communities, compared with solutions for general market customers. The Senate Bill 350 requirement for the Commission to develop this Report was born from an understanding among equity advocates that carve-outs and similar mandates have not catalyzed a robust, self-sustaining market.

Through CSE's experience administering market transformation initiatives, we have observed that successful initiatives share the following characteristics.

1. **Clear metrics and transparent reporting requirements** enable measurement of progress toward market transformation goals established through a public process, as well as course corrections throughout the program.
2. **Long-term, multi-year commitments** (typically 5-10 years) instill confidence in consumers and the industry.

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<sup>4</sup> "Integrate the WAP, Low-Income Home Energy Assistance Program (LIHEAP), Low-Income Weatherization Program (LIWP), and utility ESA databases as a step toward alignment of cost-effectiveness methods and streamlined delivery of energy efficiency services to low-income Californians." California Existing Buildings Energy Efficiency Action Plan at 62.

<sup>5</sup> CSE proposed a one-stop services program in reply comments to the California Public Utilities Commission in Rulemaking 14-07-002 on August 16, 2016.

3. **Steady and transparent incentive adjustments** over the life of the program support market development and reduced reliance on public funds over time.
4. **Targeted incentives and financing tools** can overcome barriers specific to certain market sub-segments or encourage the adoption of solutions that meet additional policy objectives or provide higher grid value.
5. **Education and outreach** to consumers and industry.
6. **Reduce project soft costs** such as permitting, interconnection, customer acquisition and financing.
7. **Consumer protection** measures instill confidence in emerging markets.
8. **Streamlined access to participant data** allows in-depth analyses of program participation, and reduces barriers to customer participation.

We recommend that the Report prioritize the development of market transformation goals and initiatives. The Report, combined with standardized program data reporting, will provide a strong foundation for establishing these goals based on a better understanding of key barriers and market sub-segments.

### c. Standardize Program Data Reporting

CSE recommends that the Commission prioritize the over-arching solution of standardizing of program data reporting across agencies and programs. We recommend a joint agency workshop to kick off this process, followed by a joint agency task force that includes stakeholder representatives.

The Draft Report shows stakeholder consensus about a need for access to data that will enable policymakers, researchers and stakeholders to assess how well the state's programs individually and collectively serve low-income customers and disadvantaged communities.<sup>6</sup> We agree with Jeanne Clinton's conclusion, which she shared as a representative of the California Public Utilities Commission at the September 13 workshop – universal standards for data reporting is essential for improving analyses of the state's programs, and this Report is a unique opportunity to advance the standardization of program data reporting. Further, standardizing data reporting will enable policymakers and stakeholders to work together to set appropriate targets and measure progress toward equitable access and adoption levels of energy efficiency and renewable energy across all of California's many programs and opportunities.

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<sup>6</sup> For an example of the appropriate level of program data reporting, we recommend viewing the data dashboard for the Clean Vehicle Rebate Project, administered by CSE statewide.

CSE proposes the following **guiding principles** for establishing standard program data reporting requirements:

- Purpose. Program data should be sufficient to enable stakeholders to assess the effectiveness of the state's programs, individually and collectively, for (a) providing access, services and benefits to low-income customers and disadvantaged communities, (b) establishing and measuring progress toward meeting market transformation goals, and (c) measuring contributions to greenhouse gas emissions goals.
- Scope. Data requirements should apply across all California agencies, sustainable energy technologies and behavioral programs.
- Good data. Data reporting requirements should be established for consistency, include data based on program requirements, and should be easy for programs to track, reducing administrative costs and supporting the collection of good data.
- Geographic reporting area. Data should be reported at the household or project level, with addresses redacted to protect consumer privacy. Records should be identified by the lowest census designation necessary to maintain anonymity. Reporting data in census designations makes it easier for researchers to associate program data with public data sources and aligns the data with the CalEnviroScreen Tool.
- Data categories. Data reporting requirements should support measurement not only of basic program information such as the number of households participating in a program, but also of other priorities such as greenhouse gas reductions and access to financial and health benefits of sustainable energy programs. Data standards should also enable improved market segmentation analyses.

We also recommend that the joint agency workshop identify **priorities that require further study** to develop a standard method for measurement of the health benefits and other non-energy benefits of sustainable energy programs.

## II. INSIGHTS FROM EDUCATION AND OUTREACH INITIATIVES

CSE shares the following insights from administering and implementing education and outreach initiatives tailored for low-income customers and disadvantaged communities for California's Clean Vehicle Rebate Project and Energy Upgrade California statewide.



- Empower community-based organizations. Many of CSE’s community-based organization (CBO) partners for the Energy Upgrade California initiative gave us the feedback that they needed more resources to increase their effectiveness. Several of these CBOs also voiced a desire for greater control over implementation of education and outreach efforts. In response, CSE proposed to give CBOs the opportunity to apply for additional funding to implement education and outreach campaign that they have designed to inspire and activate their own communities.
- Promotoras. In addition to partnering with CBOs, education and outreach initiatives should work with local “promotoras,” meaning a group of community members (generally women) who discuss particular issues with their community. They are generally part of a CBO, but not always. Sometimes there are no strong CBOs in a neighborhood, but there are strong community advocates in promotoras.
- Program partnerships. Along with developing relationships with CBOs, the program administrators should develop partnerships with other programs with similar goals and target audiences. A perfect example is how the Energy Upgrade California program partnered with the Clean Vehicle Rebate Project. Even though one addresses energy management and other transportation, the programs had a similar target audience that allowed us to co-present and provide important information to consumers.

### III. CLARIFY DESCRIPTIONS OF CSE PROGRAMS & RESEARCH

CSE has administered several California efforts related to this Draft Report, including the California Solar Initiative (CSI) in the San Diego Gas & Electric territory since 2007, which also includes the ancillary programs Multifamily Affordable Solar Homes (MASH) and CSI Solar Thermal. CSE has also administered education and outreach efforts designed to increase adoption among low-income customers under the statewide Clean Vehicle Rebate Project (CVRP) incentive program and the Energy Upgrade California statewide marketing, education and outreach initiative.

**Multifamily Affordable Solar Homes (MASH).** CSE offers the following clarification regarding the MASH program. In addition to the description on page 14, we would add the following information: “With the additional funding provided by AB 217, the MASH Program requires the customer (usually the site owner) to sign an affidavit stating they will not adjust the utility allowance more than 50% of the economic benefit of the allocated generation of the system.

The affidavit was developed to help ensure HUD-subsidized housing tenants will continue to receive a minimum of 50% economic benefit from the installed solar PV system.”

**California Solar Initiative (CSI).** CSE does not view CSI as a best practice for integrating energy program opportunities. Rather, we recommend a one-stop services approach, as described in our comments above. Page 45 of the Draft Report uses the California Solar Initiative program as an illustration of a successful way to integrate energy efficiency and solar opportunities. CSE notes that while it’s true that the CSI EE program requirements were met, it was not clear that the homeowner reviewed or clearly understood the energy efficiency audit findings, since many of the energy efficiency disclosures listed “PV system” as a future energy efficiency measure to be installed on their home. Further, when speaking with homeowners, business owners, and contractors, many homeowners and business owners had already taken steps towards making their home or business more energy efficient prior to applying for the CSI rebate and going solar. At times, CSI contractors completed the energy efficient audit on behalf of the customer, so these customers never received the results of the audit.<sup>7</sup>

**Sociocultural Literature Review.** On page 121, please change the citation that begins with “CSE” to “Research Into Action, Inc., Ghoulem Research, Dena Gromet 2016. “Literature Review: Housing, Energy Use, Decision-Making and Messaging among Key Ethnic Groups in California.” Center for Sustainable Energy. Prepared for the California Energy Commission under Grant #EPC-14-037.” Please also adjust the citations on pages 32, 53, 54, 55, 89 and 92 accordingly.

#### IV. CONCLUSION

CSE appreciates the opportunity to provide these comments on the Draft Report. We look forward to continuing to work with the Energy Commission and stakeholders to empower all Californians to access the benefits of the clean energy economy.

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<sup>7</sup> See Ria Langheim et. al, Energy Efficiency Motivations and Actions of California Solar Homeowners, available at <https://energycenter.org/sites/default/files/docs/nav/policy/research-and-reports/Energy%20Efficiency%20Motivations%20and%20Actions%20of%20California%20Solar%20Homeowners.pdf>