

## DOCKETED

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**Southern California Edison Comments on SB 350 Barriers Draft Report**

*Additional submitted attachment is included below.*

September 29, 2016

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 16-OIR-02  
1516 Ninth Street  
Sacramento, CA 95814-5512  
docket@energy.ca.gov

Dear Commissioners:

On September 9<sup>th</sup>, 2016, the California Energy Commission (Energy Commission), released their draft report, “A Study of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities.” On September 13<sup>th</sup>, 2016, the Energy Commission held a workshop to discuss this draft report. Southern California Edison (SCE) respectfully provides comments on both the draft report and the workshop.

SCE commends Commission staff on their draft report, and provides comments in three areas: identifying issues that require further study; prioritization of recommendations; and, feedback on the benefits of current MASH program administration. These recommendations are explored in further detail below.

**Use this report as an opportunity to identify areas that require further study**

The draft report does a good job highlighting the barriers to Distributed Energy Resource (DER) adoption and contracting opportunities faced by low income and disadvantaged communities. By design, this report is broad and cannot evaluate each proposed solution in depth. Some of the potential program changes are significant revisions to large programs. For this reason, the report should identify and prioritize areas for further study.

For example, the draft report considers changing the eligibility criteria for housing programs, noting that “many programs only require 51% of the dwelling units in the program’s geographic area to income qualify in order for all homes in the area to be eligible.”<sup>1</sup> The current threshold for SCE’s Energy Savings Assistance Program (ESA) is substantially different, at 80%. This topic merits further investigation before any revision to this threshold is proposed.

The draft report has rightfully drawn from many sources, including nation-wide reports and expert opinions, to identify both the barriers and potential solutions. As the report develops recommendations, it should seek out California-specific studies. In the case where California-specific studies do not exist, highlighting the lack of that information would a helpful output.

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<sup>1</sup> Draft report, page 42.

For example, the report references a study that estimates the potential energy efficiency savings of 26% in the low-income multifamily sector<sup>2</sup>. However, this study examined the multifamily opportunities in Georgia, Illinois, Missouri, New York, North Carolina and Virginia<sup>3</sup>. SCE recognizes that there is untapped energy efficiency opportunity in the multi-family sector, but analysis of data from these states may not reflect the potential for this market in California. In the 2013 ESA Impact Evaluation, the ESA program generated on average 4% electric savings per home treated<sup>4</sup>. The difference between the estimated 26% and 4% per household savings highlights the need for further, California-specific research. This additional research will allow policymakers to target the highest-impact areas.

### **Estimate the magnitude of impact and potential cost implications to inform prioritization**

In order to prioritize recommendations, it would help to understand the magnitude of the barrier as well as the cost of the proposed solutions. As the report identifies specific barriers and proposes potential solutions, it should seek to quantify the number of customers or vendors that face that barrier, the cost of the proposed solution, and – where applicable – the expected amount of energy saved or generated by that solution. Where that information is not available, the report could highlight the information gaps and recommend those topics for further study.

Cost-effectiveness is not the only criterion to evaluate these potential solutions, but it can provide a common basis for decision-makers to compare different solutions, and to help maximize the impact of the portfolio of options they pursue.

An example of where this calculation could be helpful: the report identifies lack of capital and other obstacles to financing as critical barriers for low income customers seeking to upgrade their homes, and suggests scaling up no- and low-cost programs such as Single-family Affordable Solar Housing (SASH) and ESA as a potential solution<sup>5</sup>. However, given that the most recent impact evaluation on California's ESA program shows modest savings from participation<sup>6</sup>, there may be other opportunities to provide greater benefits – both in energy savings and in health, comfort, and safety – to greater amounts of customers for the same amount of money.

### **Include feedback reflecting the benefits of current MASH program administration**

In its discussions about program administration, the report should include recent feedback about the benefits of the utility serving as program administrator. The draft report currently cites specific conclusions from a 2015 report about some perceived ways program administration could be

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<sup>2</sup> Draft report, page 23.

<sup>3</sup> Mosenthal and Socks, 2015.

<sup>4</sup> Evergreen Economics, 2013. "PY2011 Energy Savings Assistance Program Impact Evaluation". Page 41.

<sup>5</sup> Draft report, page 34.

<sup>6</sup> Evergreen Economics, 2013. "PY2011 Energy Savings Assistance Program Impact Evaluation".

improved.<sup>7</sup> Comments from August 2016 by both affordable housing owners and the largest installer of MASH systems discuss benefits of the current MASH program administration structure:

*“These practical advantages [of the current structure], tend to outweigh the theoretical advantages of a single administrator – even before accounting for the potential high transaction costs in the form of disruption and delay in making the transition from one administration to the next.”<sup>8</sup>*

*“When there is a rule interpretation issue, the three administrators [of the MASH program] get together with Commission staff to discuss and resolve. So far, it seems to be working well.”<sup>9</sup>*

The report should reflect these perspectives in the discussion about program administration, as the majority of stakeholders and policymakers see the MASH program as having removed many barriers to getting solar to multifamily tenants that are low income or located in disadvantaged communities.

In conclusion, SCE appreciates the Energy Commission’s consideration of these comments and looks forward to further participation in this workshop. Please do not hesitate to contact me at (916) 441-3979 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

Catherine Hackney

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<sup>7</sup> Draft report, page 44. The draft report cites the Navigant CSI Market and Program Administrator Assessment.

<sup>8</sup> MASH Coalition comments at page 18, CPUC R.14-07-002, August 3, 2016.

<sup>9</sup> Everyday Energy comments at page 29, CPUC R.14-07-002, August 3, 2016.