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APEN and CEJA Comment Letter on SB 350 Draft Barriers Study

Additional submitted attachment is included below.



**SB 350 Barriers Study Draft Report Comments,
Asian Pacific Environmental Network
California Environmental Justice Alliance**

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The Asian Pacific Environmental Network (APEN), Communities for a Better Environment (CBE), Leadership Counsel for Justice and Accountability, Environmental Health Coalition (EHC), Center on Race, Poverty and the Environment (CRPE), People Organizing to Demand Environmental & Economic Rights (PODER), Central Coast Alliance United for a Sustainable Economy (CAUSE), and Center for Community Action and Environmental Justice (CCA EJ), as part of the California Environmental Justice Alliance (“CEJA”), respectfully submit these comments in response to the SB 350 Draft Report on the Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities (“Draft Study”). CEJA is a statewide coalition of community-based organizations whose constituencies – low-income communities and communities of color – are disproportionately impacted by pollution and are on the frontlines of climate change. We unite the powerful local organizing of our members to create comprehensive opportunities for change at a statewide level. We represent approximately 30,000 Asian Pacific American, Latino, and African American residents throughout the State including in the San Francisco Bay Area, San Joaquin Valley, Los Angeles, Inland Valley, Central Coast, and San Diego/Tijuana area.

CEJA commends the California Energy Commission (“CEC” or “Commission”) for its literature review and community engagement process in executing this Study. We applaud the Commission for partnering with community organizations and conducting targeted outreach in low-income and disadvantaged communities across the State. We look forward to collaborating further with the CEC to advance its commitment to both engaging and serving low-income and disadvantaged communities in further implementation of SB 350 and future projects.

In these comments, CEJA presents suggestions to improve the Draft Study to be a more useful tool consistent with statutory requirements. The comments further highlight important barriers, solutions, and high-priority recommendations not identified in the Draft Study that the final study should evaluate and include to meaningfully address the significant barriers faced by low-income and disadvantaged communities to access renewable energy and energy efficiency resources.

DISCUSSION

1. CEJA Recommends that the Study Should Analyze Which Barriers Specifically Impact California and Provide Recommendations of Potential Solutions.

Section 25327 of the California Public Resource Code requires the CEC to complete an analysis of barriers to development of energy efficiency and distributed generation in disadvantaged and low-income communities as well as recommendations to overcome those barriers. Importantly, the Legislature found that there was “insufficient information available to fully realize the potential of solar photovoltaic energy to serve low-income customers, including those in disadvantaged communities” and “insufficient understanding of the barriers to access for low-income customers to” energy efficiency and all forms of renewable energy.¹

To help overcome this information and understanding gap, the Legislature required the CEC to conduct and complete a barriers study.² This study, pursuant to its statutory mandate, must meet several key requirements:

1. It must examine barriers to solar photovoltaic energy and other types of renewable generation for low-income customers.³
2. It must describe opportunities for solar photovoltaic energy and other types of renewable generation for low-income customers.⁴
3. It must describe barriers to contracting for local small businesses in disadvantaged communities.⁵
4. It must examine barriers to energy efficiency and weatherization investments for low-income customers, including those in disadvantaged communities.⁶
5. It must include recommendations on how to increase access to energy efficiency and weatherization investments to low-income customers.⁷

CEJA generally agrees with many of the barriers and solutions identified in the Draft Study, but it only takes initial steps toward meeting these requirements. With relation to the requirements described in points 1, 3 and 4 above, the Draft Study does not analyze the information it presents on barriers to development with relation to low-income customers in California that are impacted by these barriers. Although the list of barriers appears to be fairly comprehensive,⁸ the Draft

¹ Cal. Pub. Resource Code § 25327(a).

² Cal. Pub. Resource Code § 25327(b).

³ Cal. Pub. Resource Code § 25327(b)(1).

⁴ Cal. Pub. Resource Code § 25327(b)(1).

⁵ Cal. Pub. Resource Code § 25327(b)(2).

⁶ Cal. Pub. Resource Code § 25327(c).

⁷ Cal. Pub. Resource Code § 25327(c).

⁸ As described below, CEJA recommends including several additional barriers that were not addressed in the Draft Study.

Study fails to specify which barriers present the most significant issues for low-income customers in California. Some analysis of these barriers is necessary to meet the Legislature's purpose of providing sufficient information to "fully realize" the potential of renewable and efficiency investments in these communities.⁹

With relation to the requirements described in points 2 and 5 above, the Draft Study does not provide an analysis of "opportunities for" renewable generation or "recommendations on how to increase access to energy efficiency and weatherization investments."¹⁰ Rather, the Draft Study merely lists potential solutions with little or no analysis of whether these potential solutions are real opportunities and recommendations or whether they are theoretical solutions. A more complete analysis is required by SB 350. Importantly, a more robust analysis of solutions and recommendations is critical to provide the information necessary to start realizing increased investment and opportunities for low-income customers including those in disadvantaged communities.

Thus, although Draft Study presents many potential solutions, it does not analyze the feasibility of those solutions for disadvantaged communities. Many solutions could work in theory, but the report lacks a real analysis of how those potential solutions would work in communities in California given the current regulatory and policy energy landscape. In addition to providing an analysis, it would be helpful to providing steps for implementation so this document could be a real tool to increase penetration of projects in targeted communities.

For example, the Draft Study identifies community solar projects as a potential solution to address structural barriers by allowing low-income renters and apartment dwellers as well as low-income homeowners with older rooftops to access solar power.¹¹ The Draft Study, however, does not analyze the likelihood of a community solar project that meets these requirements being organized in California.

CEJA recommends that the CEC move away from merely summarizing known approaches as potential solutions and look to thoughtfully analyzing barriers and existing programs to outline actionable opportunities for developing distributed generation and energy efficiency in disadvantaged and low-income communities. This evaluation could involve further analyzing many of the solutions outlined in the Draft Study, including (but not limited to):

⁹ See Cal. Pub. Resource Code § 25327(a).

¹⁰ See Cal. Pub. Resource Code §§ 25327(b)&(c).

¹¹ The section explains how these systems lower costs, create local jobs, and address environmental justice issues, and suggests allocating incentives for community solar facilities that serve low-income customers (pg. 38). The Draft Study states that "*for a community solar project to be appealing to low-income customers, it would have to be organized such that it required little or no up-front investment, eased credit check requirements, and lowered the household's electric utility bill,*" (pg. 39).

- **Community Solar Projects:** CEJA requests that the Study evaluate how community solar projects could be developed on a small scale, such as less than 500kw, within disadvantaged and low-income communities. Community solar projects have typically been focused on larger scale projects. A shift to a smaller scale is important for communities to start realizing the economic benefits of the development.
- **Integration of Program and Services:** The Draft Report provides several recommendations to streamline participation and encourage inter-program coordination. We agree that AB 693 Multifamily Affordable Housing Solar Roofs Program is an example of systemic, integrated energy services. This type of program should be explored further through its implementation. The CEC should also analyze the feasibility of leveraging multiple programs across different entities to target disadvantaged communities.
- **CARE Flexibility:** The CEC analysis should evaluate mechanisms of using a portion of funds utilities collect for low-income rate assistance (CARE) to be reallocated toward energy reduction programs focused on efficiency and solar for low-income customers.
- **Green Banks:** The CEC analysis should explore the potential of using green banks to finance programs in California like I-Bank CLEEN Center and PACE Loss Reserve Program
- **Addressing Split Incentives:** The CEC analysis should include an evaluation of how to overcome split incentives by exploring several strategies outlined such as requiring rent control agreements as a condition of energy retrofit services (as practiced by LIWP).

The above list is not exclusive. It provides initial recommendations for the CEC to start to conduct a meaningful evaluation of potential solutions to the many barriers faced by low-income and disadvantaged communities in the State.

2. CEJA Recommends that the Study Should Describe the Demographics of Disadvantaged and Low-Income Communities in the Beginning of the Report.

The current draft of the Barriers study relegates discussion of demographics of disadvantaged and low-income communities to *Appendix A: Low-Income Market Characteristics* (pg. 87 - 97). Some of this discussion should be included in the main body of the report to provide background and context describing the customers living in low-income and disadvantaged communities. In addition, in Chapter 2: *State of California Energy-Related Financial Support Programs for Low-Income Customers* and throughout the Study, it would be beneficial to include statistics related to current energy efficiency projects and solar installations serving low-income and disadvantaged communities as compared to the rest of the state. This is necessary to provide perspective on the issues and how disproportionate the benefits are spread through these communities as opposed to the rest of the population.

3. CEJA Recommends that the Study Should Better Integrate Community Comments Into Its Discussion and Analysis.

CEJA organizations supported the facilitation of Community Stakeholder Meetings across the State, which provided direct input on barriers and solutions from customers living in low-income and disadvantaged communities. Feedback from these meetings, drawn from the lived experiences of community members, are key reflections of community experiences and concerns. As such, they represent a critical component of the report and should be integrated more fully into the Draft Study. Notably, it does highlight perspectives of community residents in a few places by referencing *Appendix B: Community Meetings and Public Workshops*, including community members' ranking of non-energy benefits, awareness of existing energy efficiency programs, and support of partnerships with local organizations. Overall, however, the report provides the majority of community concerns in *Appendix B*. These comments should be integrated throughout the report and be a driver for the solutions and recommendations. This can be done, for example, by integrating the major themes identified in *Appendix B* into the appropriate sections of the main report (pg. 99 - 100).

In the community workshops, community members highlighted a number of barriers and opportunities that are not included in the Draft Study. **CEJA recommends that the CEC include the following barriers and opportunities in the report:**

- **Lack of Data for Inappropriate Roofs** (under data limitations, p. 29 and p. 49):
 - There was substantial feedback that low-income and disadvantaged communities often do not qualify for rooftop solar because their roofs are old and not structurally sound. However, there is a lack of data that shows what percentage of roofs in low-income communities actually lack the structural capacity for rooftop solar. Residents are often denied the benefit of solar and are left with no solution.
 - With relation to this barrier, CEJA recommends: 1) Data should be collected that gives detail on rooftops in low-income and disadvantaged communities that are ineligible for rooftop solar; and 2) Agencies should allocate funds to fix structural issues with roofs in disadvantaged and low-income communities to address this barrier.
- **Highlight Benefit of Societal Benefit to Community** (under Unrecognized Non-Energy Benefits p. 29 and 52): The community workshops showed that residents often feel that renewable energy is for affluent communities, and that because they are low-income, they feel ignored and disinvested in. When renewable energy and energy efficiency is sited in their communities, they feel a sense of pride of their community and that the State is investing in their neighborhoods. These benefits should be discussed and explored in the Study.

- **Rural vs Urban:** The community workshop in Fresno revealed that rural communities in the San Joaquin Valley even lack the infrastructure to be connected to natural gas. Since many solar programs require that customers are connected to the grid, there should be programs that remove such requirements and specifically address the unique barriers of residents in the San Joaquin Valley. In addition, the CEC report should identify this as a barrier and analyze how many customers confront this barrier.
- **Residents residing in mobile homes:** The community workshop in San Bernardino revealed that some low-income community members live in mobile homes and lack information on renewable energy and energy efficiency programs overall. CEJA recommends collecting data on the barriers and opportunities to getting solar in mobile homes in disadvantaged and low-income neighborhoods to reach these often ignored communities.

CEJA recommends that the CEC address the important concerns above and take steps to integrate community concerns in the Study. These concerns should be a driver of the analysis, not an afterthought.

4. CEJA Recommends the Study Should Prioritize High-Quality Workforce Development.

The Draft Study highlights the important role of workforce development in the implementation of SB 350, specifically through supporting the growth of “well-paying, family-sustaining clean energy job opportunities for residents in from [low-income and disadvantaged] communities,” (pg. 61). CEJA agrees with Rising Sun Energy Center’s comments that “there is little discussion in the Draft Report of the workforce education, training, case management, and job training considerations necessary for ensuring those job opportunities for low-income residents.”¹²

Greenlining and APEN, as part of a larger coalition, submitted *Recommendations for Jobs, Workforce Training, and Small Business Opportunities*.¹³ Of these in-depth recommendations, we suggest incorporating the following priority strategies to promote high-quality workforce development.

- **Promote high quality job and wage standards in the clean energy economy** through Project Labor Agreements (PLAs), high contracting standards, prevailing wage and apprenticeship standards with public funds, and access to apprenticeship programs.
- **Create programs that include effective workforce education and training and job placement in its structure** by offering specific skill level certifications, providing classes

¹² See Rising Sun Energy Center’s Comments on SB 350 Barriers Draft Report, Docket Number 16-OIR-02, TN# 213698.

¹³ See Greenlining and APEN’s Comments on SB 350 Barriers Report, Docket Number 16-OIR-02, TN# 212959.

in languages other than English, or connect people to Vocational English as a Second Language (VESL) courses, training for a set of skills, rather than training for a specific job, and connecting contracting jobs with PLAs and targeted hiring.

- ***Invest in WE&T program staff and facilities to expand training capacity and offer case management.*** Individual case management would most effectively ensure that WE&T program trainees not just attend classes, but successfully graduate from the program, find a job, and keep that job. Funding WE&T program staff appropriately, therefore, is a key investment.
- ***Engage with local unions that are inclusive of disadvantaged and low-income workers.*** Apprenticeship programs in most labor unions provide a structured career pathway, specified wage increases as workers gain skills, as well as industry-recognized certifications.
- ***Expand definition of clean energy jobs.*** Although clean energy jobs are typically imagined as construction or installation work, these jobs can also (and should also) include administrative, sales, marketing, and other ancillary positions. This way the clean energy sector could successfully encompass the range of positions currently housed in nonprofits and small businesses. Skills like customer service and office experience could also be marketable skills here, especially in utilities and energy services. Expanding the definition of clean energy jobs invites more people into the clean energy economy and develops a robust sector.

In considering program administration, the Draft Study points to the successes of the nonprofit organization GRID Alternatives in administering SASH “due to its program strategy, incorporation of education and job training, and its established relationships with the community,” (pg. 44). The Report also cites that GRID Alternatives “contributed to workforce development by training nearly more than 17,000 volunteers...[and] reduced installation costs, since labor normally represents about 10 percent of system cost (McCormick, 2015)”. 17,000 volunteers is a large number and given that APEN and Greenlining, among many other groups, submitted recommendations emphasizing long-term, stable employment opportunities tied to workforce education and training as well as labor requirements, it would be valuable to know how many, if any, of these volunteers went on to these types of jobs in the solar field.

Moreover, jobs that provides the workers with competitive wages, job security, and upward mobility in their careers are an important non-energy benefit of energy efficiency and renewable energy low-income programs. Investments made to promote local workforce development yield economic benefits that should not be overlooked in evaluating program cost-effectiveness. Therefore, we recommend that the CEC incorporate high-quality workforce development as a local economic benefit (under Unrecognized Non-Energy Benefits p. 29 and 52). As written, the report preferences a certain type of job while the legislation’s intent and our recommendation is to provide information and analysis.

Furthermore, our comments outline that effective workforce development involves career pipeline models targeted to residents from low-income and disadvantaged communities. These pipelines train for well-paying, family-sustaining jobs and ensure high quality job and wage standards (like prevailing wage, mandatory local hire, and apprenticeship standards). We are concerned with the Draft Report's use of GRID Alternatives' model as a single effective example in this regard. GRID Alternatives serves as a valuable niche administrator, which operates successfully in a fully subsidized program like SASH; its current model, however, does not mandate these labor standards.

For effective program administration and delivery, we suggest enabling a competitive process to select regional administrators who work in conjunction with community-based organizations (CBOs), including community action agencies, schools, and places of worship. This type of process will increase equitable access by accounting for regional differences across the state and building upon local networks of trust. The effectiveness of this approach is reinforced by the Draft Study echoing that "CBOs make ideal partners in sharing program information with local residents, as well as in training the local workforce. CBOs believe that when the local workforce is involved in the installation and maintenance of technologies (such as rooftop solar or energy-efficient appliances), they are more likely to take good care of the installed systems," (pg. 67).

5. CEJA Recommends the Study Should Include and Analyze Other Renewable Energy and Finance Models.

There are other renewable energy models with successful finance components utilized in other countries that are not included in the Report. For example, a Feed-in Tariff (FIT) option is completely omitted from the Report.

A feed-in tariff is simply a guaranteed price established for anyone who wants to sell renewable electricity to the grid, and a guarantee that they will have access to the grid to do so. The price, or tariff, is set so that a modest profit is ensured, thereby unleashing the collective capital resources of the entire province, state or country to be part of the transition to renewable energy. Any incremental cost of purchasing the renewable energy is shared among all consumers of that energy and not taxpayers.¹⁴

In fact, California passed its own Feed-in Tariff law, AB 1969 which was replaced by SB 32 (Negrete-McLeod). CEJA recommends that the CEC include a FIT model, as well as expanding and improving upon the current FIT program.

¹⁴ <https://www.pembina.org/reports/feed-in-tariffs-factsheet.pdf>

6. CEJA Recommends that the Study Should Evaluate How Other Environmental Requirements May Encourage Increased Development of Distributed Generation and Energy Efficiency.

CEJA further recommends that the CEC include and evaluate how other environmental requirements could lead to increased development of energy efficiency and distributed generation. For instance, funds from compliance with Clean Air Act programs could potentially be used to finance programs for development of distributed generation and energy efficiency because these resources can lead to decreases in air pollution. In addition, environmental assessment statutes that require mitigation, such as the California Environmental Quality Act, can be evaluated as another potential mean of increased green development in disadvantaged and low-income communities.

CONCLUSION

By implementing the above recommendations, CEJA believes that the Study can better provide useful information related to realizing increased solar photovoltaic, distributed generation, and energy efficiency development in disadvantaged and low-income communities as envisioned by the Legislature.

Thank you for your time and consideration.

Sincerely,

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