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Pacific Gas & Electric Comments on SB 350 Barriers Study Draft Recommendations

Additional submitted attachment is included below.

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Re: Docket 16-OIR-02: Pacific Gas and Electric Company Comments on the Staff Draft Barriers Study Recommendations

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide comments on the California Energy Commission's (CEC) Staff Draft Barriers Study Recommendations (Recommendations) associated with the larger report, *A Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities* (Barriers Study).

PG&E is a strong proponent of energy efficiency and renewable energy, and has a long history of providing assistance to our customers with the greatest need. We recognize and appreciate the time and effort put in by CEC staff to draft these Recommendations. PG&E's comments focus on clarity and consistency in recommendation language and also provide encouragement to fully and accurately recognize existing programs and their goals, accomplishments, and limitations.

Key points of PG&E's comments include:

- Use clear and consistent terminology;
- Assess pilot program feasibility before implementation; and
- Fully consider existing programs when recommending new solutions.

I. Community Solar

PG&E applauds the CEC's interest in enabling access for low-income and disadvantaged communities to the benefits of community solar. Current statute requires that the investor-owned utilities' (IOUs) existing community renewables programs cause no impact to non-participating customers.[1] If an exemption to such a requirement is recommended, PG&E urges that such a policy be thoroughly vetted for practicality and reasonableness, and does not result in unintended consequences. The CEC's proposal to use the cost of onsite solar as a reference point for costs not to be exceeded is subjective given highly variable costs. A suggested alternative would be something akin to PG&E's SolarCARE proposal from

[1] California Public Utilities Code 2833 (p)

2015 as part of its NEM 2.0 proceeding.[2] That program would ensure that CARE customers in disadvantaged communities have access to community solar at no additional cost to them whatsoever. This approach would still achieve the CEC's overarching objectives.

II. Consistent Terminology Should be Used Throughout the Document to Avoid Confusion

In its September 29, 2016 comments, PG&E provided feedback on important differences between On-Bill Financing (OBF) and On-Bill Repayment (OBR) in remarks regarding the Barriers Study and noted that OBR may be better suited to addressing the barriers being studied in this effort.[3] It may be possible that OBF is being used interchangeably with OBR as many of these recommendations involve private lending. In addition to suggesting further clarity around these terms in recommendation 2.a, it should be noted that the California Public Utilities Commission (CPUC) has established definitions for these terms.[4] PG&E encourages the CEC to align their recommendations with the CPUC's accepted terminology to avoid stakeholder confusion.

III. Payment Program Recommendations Should be Clarified

Recommendation 2 proposes the creation of several financing pilot programs. PG&E notes that IOUs already have an OBF program where repayments are sized based on the expectation of bill neutrality. Additionally, the IOUs are implementing several OBR pilot programs where third-party lenders are able to lend to customers and have the loans repaid through the energy bill. Any additional pilot programs should undergo a thorough feasibility assessment from finance professionals before being implemented. The success of new financial transaction programs is dependent on a thorough understanding of the details of a transaction and how it can be used to increase adoption of energy efficiency by the customer.

Additionally, Recommendation 2.a encourages a "pay-for-performance model." The CPUC already uses this phrase to describe programs where incentives are paid proportionally based on delivered energy savings. It is unclear in the Recommendations whether that is the intent of the CEC or if they are referring to a financial product where energy performance impacts the size of the loan repayments of the customer. This could, for example, be interpreted as financial products that have an element of guaranteed saving such as an Energy Services Agreement (ESA), structures which turn energy efficiency into a service such as metered energy efficiency, or structures that are based on the expectation of bill-neutrality such as the 'Pay-as-you-Save' program. The CEC should clarify the intent of this recommendation. PG&E is supportive of pay-for-performance and is currently piloting programs as defined by the CPUC. PG&E also supports thorough evaluation and testing of new transaction structures that can further customer confidence in the financial benefit of their energy efficiency investment.

Recommendation 2.b encourages the "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." The legality of this use of CARE funds has come into question in multiple CPUC proceedings and caution should be taken when re-examining permitted uses of these funds. CARE funds are meant to provide a guaranteed bill discount

[2] http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M154/K056/154056951.PDF

[3] http://docketpublic.energy.ca.gov/PublicDocuments/16-OIR-02/TN213844_20160929T152524_Pacific_Gas__Electric_Comments_Pacific_Gas__Electric_Comments_o.pdf

[4] D.12-11-051,Decision approving 2013-2014 Energy Efficiency Programs and Budgets, CPUC, November 15, 2012. Pg. 62.

from the prevailing retail rate for those ratepayers most in need. Customers choosing to re-direct these funds (if it were to be deemed legal at some point in the future) would, in all likelihood, give up their guaranteed savings. Additionally, future rates are not guaranteed to remain static and therefore value propositions will likely change via updated net metering tariffs and/or time of use periods, for example. Given these potential changes, the value of such a recommendation would, at the very least, be much more unpredictable compared to the currently guaranteed CARE discount. PG&E recommends elimination of this recommendation.

IV. Existing Programs May Already Address Certain Barriers and Recommended Solutions

It is important for the readers of the final Barriers Study and accompanying Recommendations to have an understanding of existing programs and their target markets so that the CEC's Recommendations can be fully considered for implementation. Regarding Recommendation 3.a, PG&E would note that the Multifamily Affordable Housing Solar Roofs program mandated by Assembly Bill (AB) 693 is currently being implemented in Phase II of the Net Energy Metering Successor Tariff Proceeding. This program will build off of the successful Multifamily Affordable Solar Housing (MASH) program with funding from the Greenhouse Gas Allocation Revenues for at least the next few years.

Furthermore, PG&E would like to highlight the California Department of Community Services & Development's (CSD) Low Income Weatherization Program, which includes another set of existing programs aimed at boosting adoption of solar by low-income customers in California. According to the CSD, the organization "works with non-profit community partners to offer solar to qualifying low-income households and property owners." Qualifying properties include single-family homes and large multifamily dwellings.

V. Community Engagement and Workforce Recommendations Should Use Clearly Defined Terminology

Recommendation 8 provides commendable community engagement and workforce directives. However, increased clarity would strengthen the recommendations. Who or what is a "trusted and qualified" community based organization (CBO) and who will be responsible for making such a determination in the future? Additionally, how is a "high-quality" clean energy job defined? Firm definitions will make these Recommendations and future efforts more effective.

VI. Electric Program Investment Charge Recommendations are Inaccurate

As written, Recommendation 10.a appears to imply that the IOUs' Electric Program Investment Charge (EPIC) projects do not serve disadvantaged communities, which is inaccurate. The majority of IOU technology demonstrations would serve all customers, including disadvantaged communities. Additionally, "focusing" on disadvantaged communities implies specific targeting, which is more of a market facilitation activity (e.g., – targeted direct install). The CEC is permitted to use its EPIC funds for market facilitation; however the IOUs are only permitted to do technology demonstration. Therefore, this recommendation should be stricken.

VII. Workforce Recommendations Should Consider Existing Efforts

PG&E suggests that for Recommendation 11, the CEC consider the ability of Workforce Education and Training (WE&T) to support the training component of Recommendation 11.a. Additionally, PG&E encourages the CEC, prior to adoption of Recommendation 11.b, to discuss the implications of Recommendation 11.b with energy efficiency services companies, and to consider how an all-encompassing recommendation could be implemented. For current and future energy efficiency programs, PG&E already includes the appropriate workforce standards (e.g., any required certifications, minimum performance standards), or pre-qualification process for specific programs, such as the Energy Home Upgrade program. Finally, IOUs' WE&T programs currently align and collaborate with some of California's main training and education institutions, and seek to expand their support for workers from disadvantaged communities (Recommendation 11.d). Therefore, the Barriers Study should appropriately reflect the efforts already underway to further achievement of this recommendation.

VIII. Conclusion

PG&E appreciates the opportunity to comment on the CEC's Recommendations, and looks forward to continuing to collaborate with staff as the implementation of Senate Bill (SB) 350 advances.

Sincerely,

/s/

Wm. Spencer Olinek