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On SB 350 Low-Income Barriers Study Draft Recommendations

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:

*Senate Bill 350 Study on Barriers to Low
Income Customers to Renewable Technologies
and Energy Efficiency Investment*

Docket No. 16-OIR-02

RE: Senate Bill 350 Barriers Study

**CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION COMMENTS
ON SB 350 LOW-INCOME BARRIERS STUDY DRAFT RECOMMENDATIONS**

The California Municipal Utilities Association (“CMUA”) appreciates the opportunity to provide these comments to the California Energy Commission (“Commission”) on the *SB 350 Low-Income Barriers Study Draft Recommendations* (“Draft Recommendations”), issued on October 21, 2016. CMUA believes that increasing access to energy efficiency and renewable power to low-income customers can serve as a valuable tool in helping to meet the state’s environmental goals and to ensure that these same customers realize the benefits of these programs. Therefore, CMUA supports the Commission’s overall goal of better understanding the potential barriers to low-income customers accessing these resources and identifying solutions to reducing these barriers. However, CMUA has significant concerns with the proposals in the Draft Recommendations that request the Legislature to impose broad new mandates on publicly owned electric utilities (“POUs”) in the absence of a showing that such mandates will in fact result in greater access to or deployment of energy efficiency and renewable energy in the targeted communities. In these comments, CMUA highlights these concerns and proposes refinements to the Draft Recommendations.

I. COMMENTS ON THE DRAFT RECOMMENDATIONS

The Draft Recommendations include multiple requests for the Legislature to impose mandates for new programs applicable to POUs and their customers. These proposals include the

following legislative actions: (1) mandate that low-income customers of POU be exempted from “fees that cause the cost of community solar to exceed the cost of onsite solar”¹; (2) mandate that POU offer pilot community solar programs for low-income customers in their service territories²; and (3) mandate that POU offer pilot programs similar to the Single Family Affordable Solar Housing (“SASH”) and Multifamily Affordable Solar Housing (“MASH”) programs for low-income customers.³

Creating new mandates to offer specific programs is a major proposal that requires a careful and deliberative process that assesses both the costs and benefits of the mandated program. There are considerable costs involved in implementing mandates that call for developing specific programs, regardless of whether the actual program is ever utilized. Furthermore, a mandate removes the discretion of the POU to select the best programs for its local community, and forces limited program funding to be directed away from existing successful programs.

There are significant differences between investor owned utility (“IOU”) and the POU customer demographics, as well as substantial diversity among the POU. As CMUA has previously noted, the vast majority of California’s POU have loads that are a small fraction of the three large electric IOUs.⁴ These small and focused service territories mean that, unlike the IOUs, statewide mandates may not be suited to a POU’s specific customer base. Additionally, mandating programs requires POU to shift time and resources away from locally-tailored programs to programs that may not best serve the community. Instead, a POU should be able to tailor its programs to the identified needs of its customers. This flexibility and discretion also promotes program responsiveness to changes in technologies and the marketplace.

¹ Draft Recommendations at 1.

² *Id.* at 2.

³ *Id.* at 2.

⁴ For Example, 22 POU had annual energy needs of less than 200 GWh in 2014. That is approximately 0.2% of either PG&E’s or SCE’s energy need and 1% of SDG&E’s energy needs during the same year.

Not only are mandates costly, but simply creating programs will not ensure their success. This is a significant lesson learned from past experiences and ongoing POU efforts to identify challenges to engaging low-income customers, which is reflected in the annual POU report on energy efficiency, *Energy Efficiency in California's Public Power Sector: a 2016 Status Report*, filed with the Commission on March 15, 2015. In particular, the POU's highlighted a federal weatherization program that provided an average of \$5,000 per customer in *free* home improvements for those that participated in the program. Despite the significant benefits of the program, participation was less than 1 percent by eligible customers. Participation only rose to 6 percent after a costly and extensive outreach program (an additional \$1,000 per household).

Mandating such a program across all utilities would have done nothing to change this dynamic. What this example highlights is the fact that new mandates on utilities do not affect the underlying barriers many low-income customers face. As such, they are not only ineffective, but can be costly for the utilities. Barriers to low-income communities' access to these programs cannot be removed simply by imposing more and different program offerings. In order to effectively increase services to low-income customers, the state must first recognize what utilities are currently doing, why customers are not engaging, and how the state can support these utility programs for low-income customers.

A. The Draft Recommendations Were Not Sufficiently Vetted in this Proceeding.

For the reasons described above, a broad statewide mandate should be recommended only where other options have failed or are not suitable. To make such a determination, the Commission should have comprehensively evaluated the existing suite of programs POU's offer to low-income customers to access energy efficiency and renewable energy. After assessing the existing programs and measures, and prior to making recommendations to address identified needs, the Commission should have considered these specific proposals in the context of workshops that

would have allowed for robust discussions and stakeholder comments that could have been used to inform the record. Instead, CMUA is only aware of a single workshop where POUs were invited to speak on the successes and challenges of their low-income programs. Even this discussion only involved a small number of POUs and did not provide an opportunity for an in depth discussion on related issues, such as POU community solar efforts.

The Commission's recommendations to the Legislature carry significant weight, particularly on recommendations relating to energy efficiency and renewable programs. Therefore, the Commission should not propose such broad and sweeping Legislative changes without a significantly more deliberative process, which focuses on the specific programs the Commission is considering recommending. Instead, the Commission should narrow the proposals in the Draft Recommendations, and then further explore whether there is a need for the types of mandates set forth in the Draft Recommendations, and if so, whether alternatives would better address this need. As such, rather than recommend the imposition of new mandates in the absence of a record to support the need or feasibility of such a program, the recommendations should be focused on assuring that such assessments are conducted, and that the POUs take appropriate actions based on the results of the assessment.

B. The Commission's Recommendations Should Recognize the Need for Discretion and Flexibility at the Local Level.

Experience has shown that low-income programs in particular need to be carefully tailored to the local communities they will affect. POUs have experience developing these types of programs and have learned what succeeds and what fails. Moreover, POUs hold regular public meetings where members of the community may provide input on the types of programs they want. This allows for tailored programs that focus on the specific needs of each community, needs which may differ from one community to the next.

For example, if a POU has already determined that a community solar project is unlikely to be a popular program within their service territory, mandating the POU to offer such a program would be an inefficient use of POU's limited funds and would not serve the intended population. An undersubscribed community solar program could have wide-ranging negative financial consequences, particularly for small POUs. On the other hand, a community-solar project may be highly desirable for a low-income community within another POU's service territory. Because programs such as these are driven by both local attitudes and demographics, it is essential that the discretion to choose and design the optimal program offerings remain with the POUs.

Instead of specific mandates, the Commission's recommendations should instead encourage research and utility collaboration that can improve the success of community solar programs targeted at low-income communities. The POUs are already working together to investigate the feasibility and desirability of growing these programs in their service territories. The Commission should support those existing efforts rather than seek to impose requirements on all POUs. Additionally, even if it is determined that a community solar program would be viable in a given service territory, any mandates to employ such programs must include a requirement that the program can only be implemented if the POU's governing board first determines that the program is cost-effective.

C. Commission Recommendations Should Incorporate Reasonable Timelines for Implementation.

The Draft Recommendations do not specify any recommended timelines for implementing these new requirements. The types of proposals that are included in the Draft Recommendations could have significant lead times to develop. In particular, getting a community solar project up and running would take multiple years at minimum. The Commission's recommendations should recognize these long lead times and ensure that reasonable timelines for deployment are included.

Further, any new reporting requirements should align with the existing reporting cycles. For POU's subject to the integrated resource planning ("IRP") requirements, the most appropriate reporting cycle would likely be within the IRP reporting deadlines.

II. CONCLUSION

CMUA supports the objectives of the SB 350 Barriers Study and believes that a better understanding of the barriers to access to energy efficiency and renewable energy in low-income communities can lead to greater deployment of those resources within those communities. However, it is imperative that any recommendations the Commission makes be narrowly tailored and respond to a demonstrated need. Upon such a finding, any Commission recommendations must ensure that discretion and flexibility remains with the POU's locally elected governing body to implement the recommendations in the manner that maximizes the benefit to the impacted community, minimizes costs, and provides the greatest overall value. The Commission should revise the Draft Recommendations to preserve this flexibility and to support existing efforts. CMUA appreciates the opportunity to provide these comments to the Commission.

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Respectfully submitted,



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