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San Diego Gas & Electric and Souther California Gas Company Low-Income Barriers Study Draft Recommendations Comments

resending because earlier submittal was rejected.

Additional submitted attachment is included below.



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California Energy Commission
Docket Office MS-4
1516 Ninth Street
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Subject: Comments on Senate Bill (SB) 350 Low Income Barriers Study Draft Recommendations, Docket No. 16-OIR-02

Dear Commissioners:

The Southern California Gas Company (SoCalGas) and San Diego Gas & Electric (SDG&E), (also referred to as the Joint Utilities), appreciate this opportunity to provide their comments to the “SB 350 Low Income Barriers Study Draft Recommendations,” dated October 21, 2016. The draft recommendations that are intended to supplement the draft report, “A Study of Barriers and Solutions to Energy Efficiency, Renewables and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities,” provide expansive actions that are intended to support Senate Bill (SB) 350’s ambitious clean energy goals. Although the Joint Utilities support actions that would move the State closer to achieving its goals, it is highly recommended that action plans that will implement the final recommendations should be subjected to cost effectiveness tests to ensure that they do not have undue economic impacts on California.

Specific Comments to the Draft Recommendations:

- 1. The State should take action to enable the economic advantages of community solar to be readily accessible to low-income and disadvantaged populations across California.**

Comments: SDG&E supports the California Energy Commission’s (Commission) efforts to bring solar to low-income and disadvantaged communities. In fact, SDG&E was the first California investor-owned utility (IOU) to propose a community solar program for its service territory. One of the founding principles for this program, now called Eco Choice, is to be able to provide an opportunity for customers who do not own their property to participate in solar programs. The Legislature also supported the community solar concept in SB 43 (implemented by the California Public Utilities Commission (CPUC) in Decision [D.]15-01-051), which provided that all IOUs should implement community solar programs with a specific requirement that a certain portion of these facilities be located in disadvantaged communities. SDG&E’s Eco

Choice program currently includes this requirement. One of the key benefits of SDG&E's program is that it makes renewable energy available to all customers, whether they rent or own, with no upfront installation costs.

One of the key issues that the Legislature emphasized in SB 43 was that although bringing community solar to low-income customers is critical, this benefit must be balanced with the cost to non-participating customers. SDG&E urges the Commission to ensure that each of its recommendations regarding increased funding for these measures is carefully considered in light of the potential for disproportionate rate impacts.

The Joint Utilities support expansion of renewable energy into disadvantaged communities, including but not limited to solar and community solar. In addition to increasing solar in disadvantaged communities, the Joint Utilities believe that there are opportunities to leverage existing infrastructure and invest in additional infrastructure to deliver renewable natural gas options to disadvantaged communities.

2. The State should develop a series of energy upgrade financing pilot programs to evaluate a variety of models to improve access and participation of low-income customers, including those in disadvantaged communities.

Comments: Recommendation 2a states the following: "The CPUC should develop an on-bill financing pilot program for low-income and disadvantaged communities using a pay-for-performance model." The Joint Utilities are open to exploring the modification of loan terms and conditions for making funding available through its On-Bill Financing Program options for common areas with commercial accounts for non-master metered multifamily facilities when landlords do not live on the premises (defined as "businesses" under lending laws). The extension of the OBF program to treat tenant dwellings, multifamily units where landlords reside on the premise or when common areas are billed on a residential rate would constitute the utility acting in the role of a consumer lender for which the Joint Utilities are not authorized by the California Department of Corporations. There are significant implications to such a role. Prior to embarking on the Finance Pilots, a group of stakeholders involving the IOUs and CPUC evaluated the possibility of the IOUs lending directly to residents (non-commercial) and it was determined extending IOU lending to residents would not be feasible.

The Joint Utilities are working together with the other IOUs and the California Alternative Energy and Advanced Transportation Financing Authority (CAEFTA) on financing pilots as approved by CPUC D.13-09-044. These pilots are a combination of on-bill repayments (OBR) and credit enhancements (CEs). The Joint Utilities urge the Commission to ensure that the recommendations for these financing pilots provide enhancements or additional options and not be duplicative of the current CPUC approved financing pilots.

3. The Legislature should expand opportunities for low-income and disadvantaged populations that own or rent to utilize solar.

Comments: Please refer to the response to Recommendation 1 above.

4. The California Tax Credit Allocation Committee (TCAC) should make energy efficiency and onsite renewable energy tax credits a high priority for low-income affordable housing rehabilitation projects. CAEATFA should establish credit enhancements to support energy efficiency and renewable energy improvements to coincide with TCAC tax credit events at rehabilitation.

Comments: The Joint Utilities suggest that this recommendation be coordinated with Recommendations 1 and 2 to avoid duplication of efforts. In addition, the Joint Utilities recommend that a cost benefit analysis be conducted to ensure that these efforts, e.g., financing, incentives, tax credits, are cost effective in combination with current low-income energy efficiency programs.

5. The Legislature should require all program delivery agencies to establish metrics and collect and use data systematically across programs to increase the performance of these programs in low-income communities.

Comments: The Joint Utilities agree with this recommendation as they have the potential to identify and quantify barriers for low-income customers and improve the mechanisms for providing energy efficiency offerings to them. As an example, SDG&E currently utilizes its SDG&E Marketplace to offer its customers (including low-income customers) a “one-stop shop” for energy efficiency information, including the ability to compare products with energy efficiency ratings, web links to where such products can be purchased with prices, and for applying for SDG&E energy efficiency rebates. (Please check out www.sdge.com/marketplace).

6. The Energy Commission, in consultation with the CPUC and California Department of Community Services and Development (CSD) and other related state agencies, should establish a pilot program for up to 10 regional one-stop shops to provide full-service support to building owners, tenants, and small businesses in low-income and disadvantaged communities to enable clean energy and water upgrades in their buildings.

Comment: The Joint Utilities submit that they already serve as “one-stop shops” that can provide full-service support to building owners, tenants, and small businesses in low-income and disadvantaged communities to enable clean energy and water upgrades in their buildings. SoCalGas has successful partnerships with their local publicly owned utilities (POUs), including the Los Angeles Department of Water and Power, Metropolitan Water District, and local governments, in cooperation with Southern California Edison, that coordinate these various offerings of clean energy and water upgrade programs to these customers. Similarly, SDG&E works closely with its local government agencies and the San Diego County Water Authority. Through their integrated audits, the Joint Utilities are able to provide these customers with not only energy assessments but water assessments that can be supported by joint programs or joint marketing, education and outreach efforts. The CPUC’s Water Energy Nexus proceeding, with funding from the energy efficiency programs, allows SDG&E and SoCalGas to provide opportunities for cost-effective water improvements.

Having said that, the Joint Utilities recommend that this pilot program be coordinated with the utilities to ensure that there is no duplication of effort that could cause more confusion and potentially result in less participation and unnecessary additional costs.

7. The State should establish a new office with oversight of all state agencies administering energy, water, resilience, and housing programs for low-income customers and disadvantaged communities.

Comment: The Joint Utilities do not have comments on this recommendation.

8. The Legislature should direct all state programs to leverage and allocate resources for collaboration and involvement of trusted and qualified community-based organizations (CBOs) in community-centric delivery of clean energy programs.

Comment: The Joint Utilities have worked very closely with CBOs in the delivery of their low-income energy efficiency and energy efficiency programs in the past and will continue to work with them, particularly to low-income, ethnic and disadvantaged communities. However, the recommendation provides a qualifier that has not been defined, “trusted and qualified community-based organizations.” The Joint Utilities recommend that this be defined and a mechanism by which such screening can occur should be developed.

9. The State should create a consumer protection task force to help prosecute companies who use misleading information or engage in predatory practices to take advantage of low-income customers seeking access to clean energy benefits.

Comment: There are several state and local consumer protection agencies already in place that address fraudulent, deceptive and unfair business practices. The CPUC has the Consumer Protection and Enforcement Division (CPED) whose investigations generally involve consumer fraud and marketing abuse. If this will be a task force that is designed to specifically protect low-income customers as it relates to clean energy opportunities, then it should be coordinated with the existing consumer protection agencies so that laws are implemented consistently.

10. The Energy Commission and CPUC should direct research, development, demonstration, and market facilitation programs to include targeted benefits for low-income customers and disadvantaged communities.

Comment:

SDG&E clarifies that the current CPUC-ordered scope of the IOU’s EPIC activities is limited to conducting pre-commercial technology demonstrations and deployments, whereas the same CPUC decision allowed the Commission to engage in a much broader scope of activities that includes market facilitation. The IOUs have focused their EPIC activities on pre-commercial demonstrations to improve the technology used in the power system infrastructure. This “income-neutral” approach benefits all ratepayers, including those in low-income and disadvantaged communities. In addition, due to the small size of the SDG&E EPIC allocated

budget, the pre-commercial demonstrations are usually done in a simulated power system environment in a laboratory and are dismantled after the project work and final report are done. Going out into communities for pre-commercial demonstrations is the exception to the rule, because of the risks and added costs of testing pre-commercial concepts in the actual utility system. Therefore, adopting Recommendation 10e would require a major restructuring of EPIC, with larger funding allotments to the IOUs.

11. The Energy Commission and CPUC should partner proactively with the California Labor and Workforce Agency, the Workforce Investment Boards, and other agencies, as well as consult with the UC Berkeley Labor Center and the relevant trade unions and community-based organizations, to design a strategy that meets workforce, community, and clean energy goals

Comment: The Joint Utilities agree that this recommendation would require a multi-agency effort. There are also other agencies that should be included besides those listed above that receive state and federal funding for workforce development. In addition, the Joint Utilities recommend that the Commission and CPUC should include other diverse organizations that will work together to support these efforts with an understanding of EE programs and their role, e.g., CPUC Evaluation, Measurement & Evaluation (EM&V) consultants who are familiar with all the utility EE and low-income programs, including Workforce Education & Training (WE&T) programs. Contractors should also be engaged in the discussion as it pertains to Recommendation 11b.

The IOU WE&T programs, which engage disadvantaged communities/workers, primarily focus on training the workforce to design, sell, install and maintain EE equipment; but the WE&T programs are not a workforce development/job development/placement program since this is not the objective of the programs. WE&T outreach will collaborate with CBOs to ensure the inclusion of workers from low-income and disadvantaged communities in WE&T programs. In addition, the WE&T program already works with several main training and education institutions.

12. The State should conduct an in-depth, data-driven study to determine actions for increasing contracting opportunities for small businesses in low-income and disadvantaged communities.

Comment: The Joint Utilities do not have any recommendations on this comment.

The Joint Utilities are committed to providing excellent service to all their customers, in particular customers in low-income and disadvantaged communities. We look forward to working with the Commission and stakeholders to achieve the State's clean energy and water conservation goals.

Sincerely,

 /s/ Israel Salas

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