

**DOCKETED**

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California  
Energy Commission  
Research & Development

# Proposed Implementation Plan for Assembly Bill 523

Reviewing Impacts and Benefits to Low Income  
Communities

Energy Research and Development Division

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May 17, 2018





# Agenda

1. Commitment to Diversity and Disadvantaged Community Advisory Group
2. Introduction to EPIC and AB 523 requirements
3. Identifying disadvantaged and low-income communities
4. Methods of evaluating and selecting TD&D projects located in and benefiting disadvantaged and low-income communities
5. Public Comments: Stakeholder Input on Priorities and Concerns



# Commitment to Diversity

The Energy Commission adopted a formal resolution strengthening its commitment to diversity in our funding programs. We continue to encourage disadvantaged and underrepresented businesses and communities to engage in and benefit from our many programs.

To meet this commitment, Energy Commission staff conducts outreach efforts and activities to:

- ▶ Engage with disadvantaged and underrepresented groups throughout the state.
- ▶ Notify potential new applicants about the Energy Commission's funding opportunities.
- ▶ Assist applicants in understanding how to apply for funding from the Energy Commission's programs.
- ▶ Survey participants to chart progress in diversity outreach efforts.



# Diversity & Equity in R&D

## SB 350 Barriers study

- ▶ 25% of technology demonstration and deployment (TD&D) fund for disadvantaged communities (DACs)

## Assembly Bill 523 (Reyes, Chapter 551)

- ▶ Localized health impacts
- ▶ 25%+ of EPIC TD&D funds for disadvantaged communities
- ▶ 10%+ of EPIC TD&D funds for low-income communities

## Assembly Bill 865

- ▶ Implement outreach program to traditionally unrepresented business enterprises
  - ▶ Women-owned
  - ▶ Minority-owned
  - ▶ Disabled Veteran-owned
  - ▶ LGBT-owned
- ▶ Track diversity of funding recipients



# CEC/CPUC Joint Disadvantaged Community Advisory Group

- SB 350 directed the CPUC and Energy Commission to create a Disadvantaged Communities Advisory Group (DACAG)
- DACAG will advise the two commissions regarding development, implementation, and impacts of proposed programs related to SB 350
- DACAG was formed in early 2018 and held their kickoff meeting in April

For more information, visit: <http://www.energy.ca.gov/sb350/DCAG/>



# Background on EPIC and Assembly Bill 523







# Overview of EPIC Program

The Electric Program Investment Charge (EPIC) program is California's R&D investment in the 21<sup>st</sup> century electric power system.

All EPIC program is charged with funding projects that:

- ▶ Lead to technological advancement and breakthroughs
- ▶ Overcome barriers that prevent achievement of the state's energy goals
- ▶ Provide benefits to California ratepayers



# What types of projects are eligible for funding?

EPIC projects must fall within at least one of the following program areas:

- ▶ Applied Research and Development
- ▶ Technology Demonstration and Deployment
- ▶ Market Facilitation

Projects must also fall within one or more of the strategic objectives and funding initiatives identified in the Energy Commission's EPIC Investment Plan.

The most recent EPIC Investment Plan can be found at:

<http://www.energy.ca.gov/research/epic/17-EPIC-01/>



# What types of projects are eligible for funding?

Funding areas include topics such as:

- ▶ Energy Efficiency
- ▶ Energy Storage
- ▶ Smart Grid
- ▶ Renewables
- ▶ Demand Response
- ▶ Climate Science
- ▶ Entrepreneurial Support and assistance
- ▶ Advanced Energy Communities
- ▶ Streamlined Customer Adoption



# The EPIC Solicitation Process

EPIC projects are awarded through a competitive solicitation process:

- ▶ Each solicitation specifies what projects are eligible for funding
- ▶ The solicitation manual provides information on requirements for applicants

Applicants should review the solicitation in full before deciding whether or not to apply

New applicants are encouraged to participate in our pre-application workshops, which occur approximately 2 weeks after each solicitation is released



# What types of projects benefit low-income and disadvantaged communities?

EPIC-funded projects can provide benefits to disadvantaged/low-income communities by:

- ▶ Improving critical services
- ▶ Improving affordability, health, and comfort in residential homes
- ▶ Supporting local economy and businesses

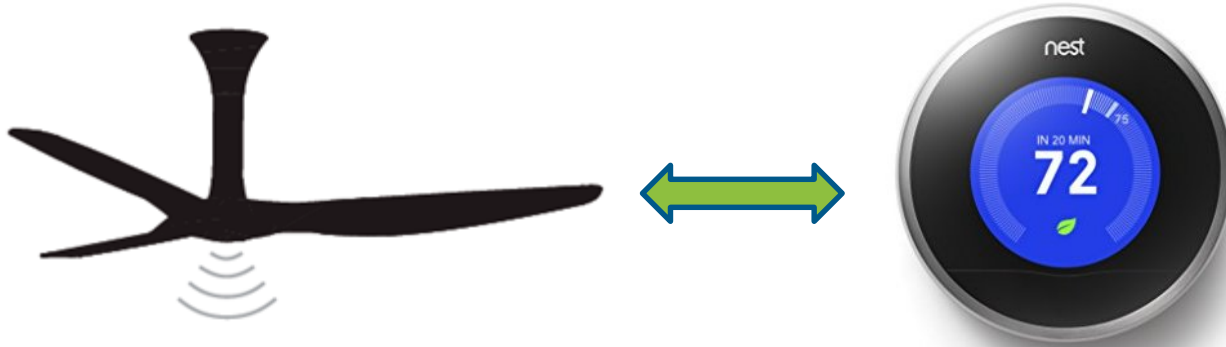
# Examples: Projects Improving Critical Services

- ▶ Renewable Microgrid at the Kaiser Richmond Hospital
- ▶ Advanced Energy Community for Carson's Residences, Medical Offices, and Public Facilities
- ▶ Solar Emergency Microgrid in Southern San Mateo County





# Projects Improving Affordability, Health, and Comfort



- ▶ Smart Ceiling Fans and Communicating Thermostats for Energy-Efficient Comfort in Multifamily Residences
- ▶ ZNE in Existing Low-Income Mixed-Use Affordable Housing



# Projects Supporting the Local Economy and Businesses



- ▶ Optimizing Irrigation with Innovative Monitoring Tools and Cutting-Edge Software
- ▶ Cost Savings in Food Processing with Efficient Infrared Drying Technology



# Assembly Bill 523

- ▶ Allocate 25 percent EPIC **TD&D** funding for projects located in and benefiting disadvantaged communities
- ▶ Allocate 10 percent EPIC TD&D funding for projects located in, and benefiting, low-income communities
- ▶ Take into account adverse localized health impacts of proposed projects to the greatest extent possible
- ▶ Include a description of the impact on program administration each year in the EPIC Annual Report, for implementing these requirements.



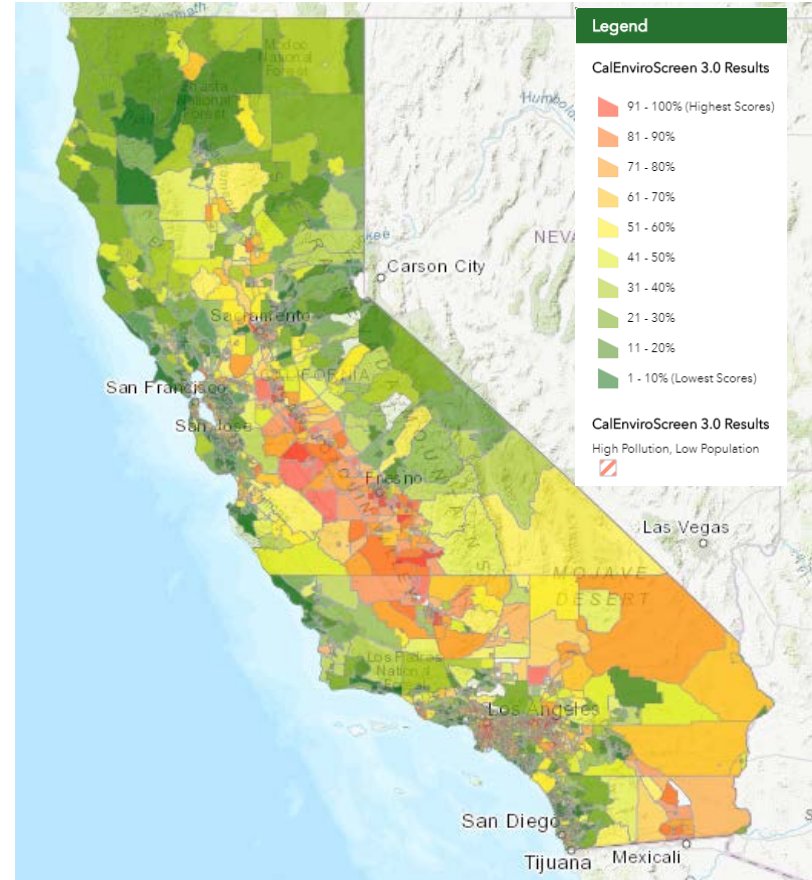
# Proposed Tools for Identifying Disadvantaged and Low-Income Communities



# Identifying Disadvantaged Communities

CalEnviroScreen 3.0 tool, developed by the California Environmental Protection Agency, will be used to identify disadvantaged communities

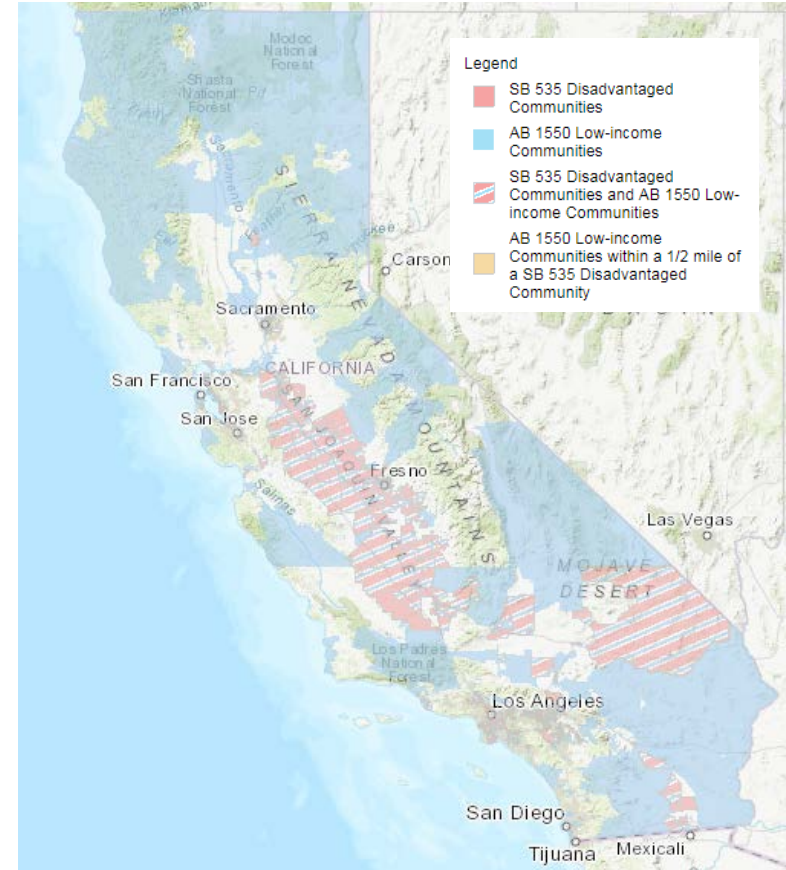
<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>



# Identifying Low-Income Communities

Energy Commission staff proposes to use the existing low-income mapping tool developed by ARB to determine AB 523 low-income communities

<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>





# Identifying Disadvantaged and Low-Income Communities

## Stakeholder Question

1. Are the proposed tools for determining disadvantaged and low-income communities sufficient for the requirements detailed in AB 523? If not, are there other tools to consider?



# Proposed Method for Evaluating and Selecting TD&D Projects Located in and Benefiting Disadvantaged and Low-Income Communities



# ERDD Has Employed a Three-Pronged Strategy To Increase Benefits to Low-Income and Disadvantaged Communities

- ▶ Increase awareness of R&D funding opportunities to underrepresented business enterprises, low-income and disadvantaged community organizations (CBOs)
- ▶ Provide preference points or reserved funding for projects benefiting low-income and disadvantaged communities
- ▶ Scope solicitations around the specific needs of low-income and disadvantaged community customers





# Example of Funding Set-Aside

Project Group	Available funding	Minimum award amount	Maximum award amount	Minimum match funding amount (% of EPIC Funds Requested)
<b>Group 1: Demonstration of Microgrids Located at California Military Bases, Ports, and Native American Tribes.</b>	\$22,000,000	\$2,000,000	\$5,000,000 (If the applicant can meet special conditions, the maximum award amount is \$7,000,000)	20% if the requested EPIC project fund is \$5,000,000 or less.  25% if the requested EPIC project fund is more than \$5,000,000 but not exceeding \$7,000,000.
<b>Group 2: Demonstration of Microgrids Located at California Disadvantaged Communities.</b>	\$11,700,000			
<b>Group 3: Demonstration of Commercially Viable Microgrids Located at Other Locations.</b>	\$11,000,000			

From GFO-17-302: Demonstrate Business Case for Advanced Microgrids in Support of California's Energy and GHG Policies



# Meeting Targets of AB 523

Moving forward, some TD&D solicitations will feature separate groups to set aside funding. Potential groups may include:

- ▶ Projects within IOU service territories that are not 100% located in disadvantaged or low-income communities
- ▶ Projects located in and benefiting disadvantaged communities within IOU service territories
- ▶ Projects located in and benefiting low-income communities within IOU service territories



# Evaluating TD&D Projects

- ▶ Project proposals will need to meet the overall goal of the EPIC program to provide ratepayer benefits in the form of greater reliability, increased safety, and lower costs
- ▶ TD&D proposals for projects located in disadvantaged/low-income communities will need to demonstrate how the project will provide benefits to the targeted communities
  - ▶ These proposals will respond to questions in the application regarding how the project will provide direct benefits to the community



# Evaluating TD&D Projects

Proposals will be required to identify and describe:

## IMPACTS TO LOW-INCOME AND DISADVANTAGED COMMUNITIES:

- What are the specific needs of the community where the project will be located?
- What steps has the applicant taken to identify those needs?
- What specific action or efforts is the applicant planning during the project timeframe to ensure the proposed technology or strategy (e.g. microgrid or ZNE) meets the needs of the community?
- How will this project, if successful, lead to increased deployment of the technology or strategy in other disadvantaged or low-income communities?



# Evaluating TD&D Projects

- How does the proposed project improve opportunities for local businesses and workers?
- How does the proposed project expand investment in the community?

## LOCALIZED HEALTH IMPACTS:

- What are the potential adverse localized health impacts of the proposed project? Why is the project worth doing in spite of risks?
- How does the proposed project reduce the community's exposure to pollutants and the adverse environmental conditions caused by pollution?
- How does the proposed project improve energy services or reduce the energy burden of the community?



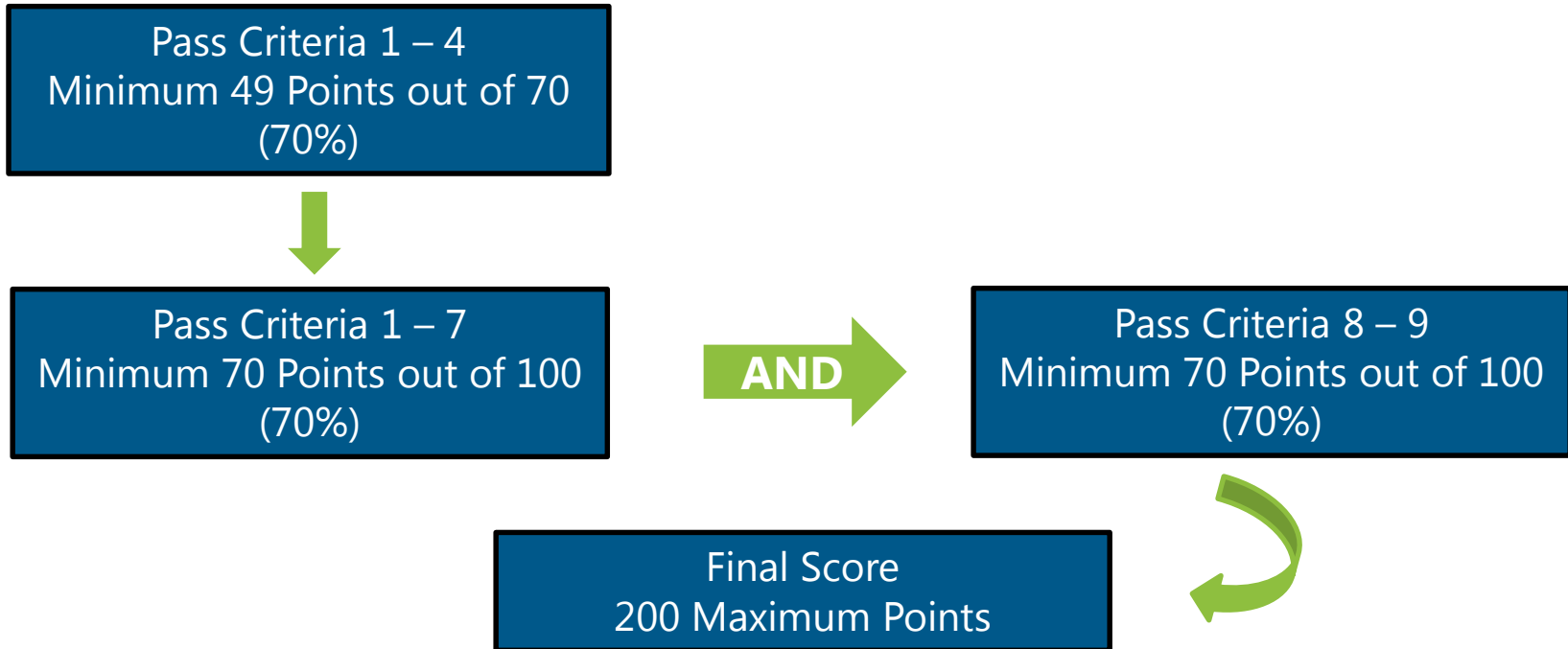
# Evaluating TD&D Projects

Proposed Scoring Criteria	Maximum Points
1. Technical Merit and Need	20
2. Technical Approach	20
3. Impacts and Benefits for California IOU Ratepayers	20
4. Team Qualifications, Capabilities, and Resources	10
<b>Total Possible Points for Criteria 1-4 (Minimum Passing Score for criteria 1-4 is 49.00)</b>	<b>70</b>
5. Budget and Cost-Effectiveness	10
6. EPIC Funds Spent in California	15
7. Ratio of Direct Labor and Fringe Benefit Rates to Loaded Labor Costs	5
<b>Total Possible Points for criteria 1-7 (Minimum Passing Score for criteria 1-7 is 70.00)</b>	<b>100</b>
8. Impacts to Disadvantaged/Low-Income Communities	50
9. Localized Health Impacts	50
<b>Total Possible Points for criteria 8-9 (Minimum Passing Score for criteria 8-9 is 70.00)</b>	<b>100</b>
<b>Total Possible Points for Proposal</b>	<b>200</b>



# Scoring Weights and Minimum Passing Requirements

For applications proposing projects located in and benefiting low-income and/or disadvantaged communities within IOU service territories:





# Scoring Weights and Minimum Passing Requirements

Example of Scores for applications proposing projects located in and benefiting low-income and/or disadvantaged communities within IOU service territories:

<b>Applicant</b>	<b>Avg. Score Criterion 1-4 (49 Pts Min.)</b>	<b>Avg. Score Criterion 1-7 (70 Pts Min.)</b>	<b>Avg. Score Criterion 8-9 (70 Pts Min.)</b>	<b>Total Points (200 Max)</b>	<b>Eligible for Award</b>	<b>Rank</b>
A	40	N/A	N/A	40	No	N/A
B	52	65	N/A	65	No	N/A
C	65	89	80	169	Yes	1
D	60	80	70	150	Yes	2
E	50	75	60	135	No	N/A





# Evaluating TD&D Projects

## Stakeholder Questions

1. Do the proposed questions for applicants adequately account for project impacts for disadvantaged and low-income communities? If not, what specific changes would you make?
2. What criteria can Energy Commission staff use to evaluate various community-based organizations (CBO) to ensure that there is a good fit between the CBO and the research team?



# Evaluating TD&D Projects

## Stakeholder Questions Continued

3. What references can the Energy Commission include in solicitations to help applicants find trusted and qualified CBOs to consult with?
4. How can the Energy Commission and other stakeholders best facilitate connecting community members, community-based organizations, and project researchers to ensure that community needs are accounted for when developing projects?



# Evaluating TD&D Projects

## Stakeholder Questions Continued

5. Our objectives for TD&D projects located in a low-income or disadvantaged community are
  - Improving critical services
  - Improving affordability, health, and comfort in residential homes
  - Supporting local economy and businesses

Are there other objectives to consider when funding TD&D projects to benefit low-income or disadvantaged communities?

6. What are unique attributes of disadvantaged communities vs. low-income communities that should be accounted for?



# Next Steps

Submit written comments via the Energy  
Commission Docket 19-ERDD-01

<https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnumber=19-ERDD-01>

Please submit comments by  
**June 1, 2018 5:00pm**



# Public Comment