

DOCKETED	
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Document Title:	Presentation - Stacey Tutt Consumer Law Clinic SB 49 Lead Commissioner Workshop December 14 2020
Description:	Presentation on equity considerations for flexible demand appliances including the concept of Financial Scarcity.
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The logo for UC Irvine Law features the text "UCI" in a large, white, sans-serif font above the word "Law" in a smaller, white, sans-serif font. The background is a vibrant, abstract pattern of diagonal lines in shades of blue, orange, and yellow, creating a sense of motion and energy.

UCI Law

Stacey L. Tutt

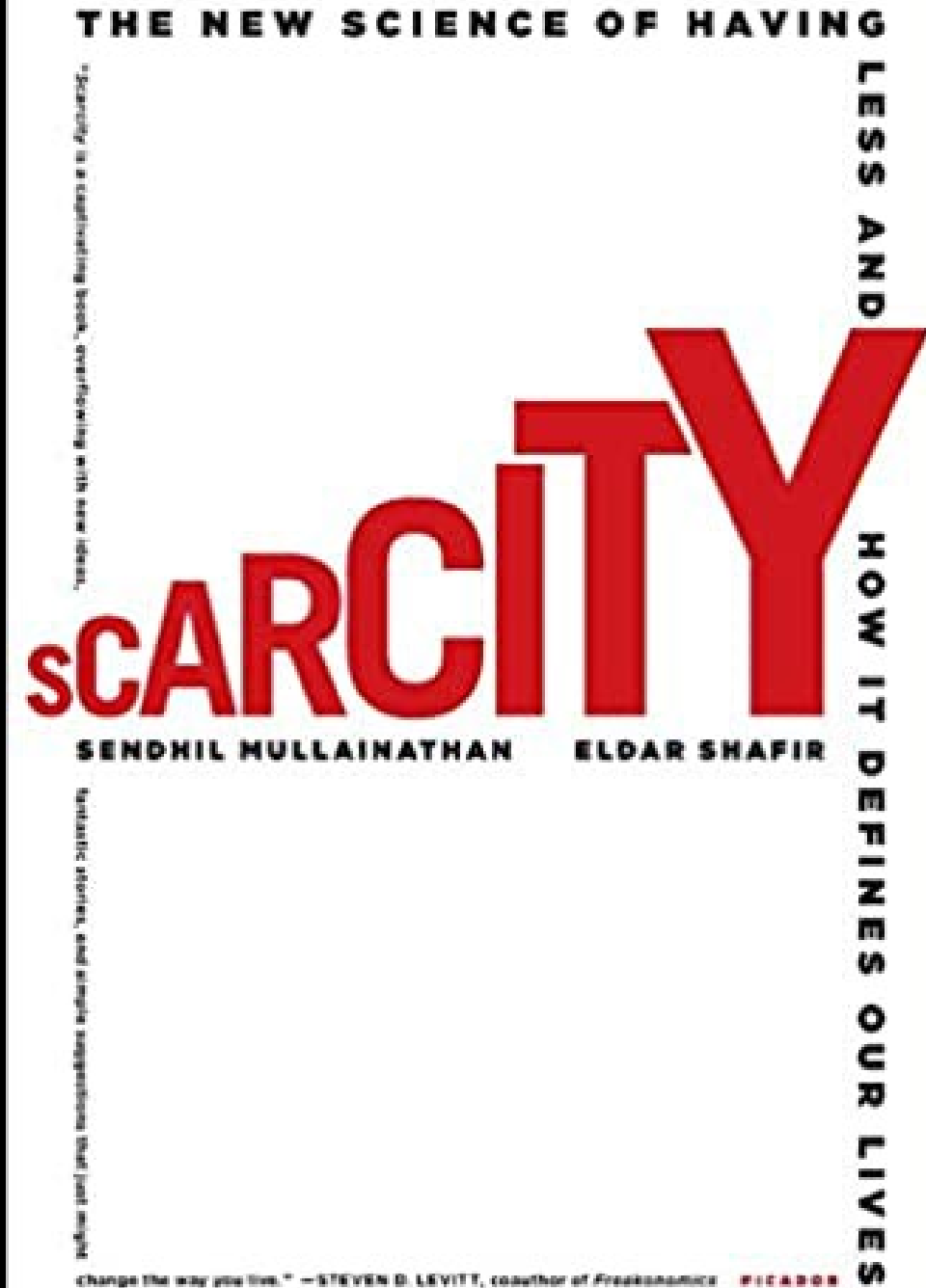
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Financial Scarcity and Financial Decision-Making

- Financial scarcity unconsciously “captures attention whether the mind’s owner wishes it or not and impedes the ability to focus on anything else.”
- Bandwidth tax occurs when people are forced to constantly focus on an immediate crisis, which causes them to ignore other decisions.
- “Tunneling,” or focusing on the most immediate and pressing financial need to the exclusion of others.

Source: A. Mechele Dickerson, *Financial Scarcity and Financial Decision-Making*, 58 Ariz. L. Rev. 137 (2016)



PACE...A Cautionary Tale

2006

*Voters in Berkeley, CA established an aggressive **Greenhouse Gas reduction target** and directed the City to develop a plan for achieving that target. This lay the groundwork for PACE.*

2016-2017

*PACE Administrators were **required to be licensed** by the California Department of Financial Protection and Innovation. **Basic consumer protections** were finally implemented.*

2008-2009

*The California Legislature allowed energy efficient improvements to be paid for through Homeowners' **property taxes**.*

2018

***Ability to Pay Determinations** were required before PACE financing applications were completed or construction work was started. Oversight of the PACE program was increased and problematic PACE Contractors and Solicitors were added to a CA regulatory database.*

More than just disclosures...

- Careful explanation, both written and verbal, is required.
- Not in financial-sector jargon.
- Materials should be available in foreign languages for homeowners for whom English is not their primary language.
- Need up-front communications
- Be realistic about how people tend to manage their budgets.

Source: Energy Programs Consortium, *Assessment of Low Income Homeowner Participation in the Property Assessed Clean Energy (PACE) Program in California*, November 2017