

**DOCKETED**

<b>Docket Number:</b>	16-OIR-06
<b>Project Title:</b>	Senate Bill 350 Disadvantaged Community Advisory Group
<b>TN #:</b>	240785
<b>Document Title:</b>	Item 7_CEC and CPUC Letter stating agency priorities for DACAG consideration_12022021_ADA
<b>Description:</b>	N/A
<b>Filer:</b>	Chester Hong
<b>Organization:</b>	California Energy Commission
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	12/3/2021 10:56:54 AM
<b>Docketed Date:</b>	12/3/2021



December 2, 2021

Dear Members of the Disadvantaged Communities Advisory Group (DACAG),

We would like to share our sincere appreciation for your participation helping shape and improve the programs of the California Energy Commission (CEC) and California Public Utilities Commission (CPUC) so that disadvantaged communities, including tribal and rural communities, can fully participate in and benefit from both agencies' programs. We look forward to continuing our collaboration.

Below, we have outlined priorities shared by and specific to each agency to achieve the state's climate and equity goals in 2022 that may affect disadvantaged communities. We offer this list for your consideration.

### **Shared CEC and CPUC Priorities for 2022**

**1) Transportation Electrification:** Both the CEC and CPUC are committed to electrifying transportation systems to achieve the state's transportation electrification (TE) and greenhouse gas reduction goals. In 2021, the CPUC issued two critical decisions authorizing San Diego Gas and Electric (SDG&E) to spend \$43.5 million<sup>1</sup> and the IOUs collectively to spend up to \$240 million additionally<sup>2</sup> to accelerate the buildout of charging infrastructure. These decisions include an increased focus on equity, including collaboration with community organizations and spending in underserved communities.<sup>3</sup> As the CPUC continues to evaluate the Transportation Electrification Framework (TEF) proposal and continues to review funding proposals from the IOUs in areas including vehicle-grid integration pilots through the DRIVE Rulemaking—R.18-12-006—and Pacific Gas and Electric Company's (PG&E) recent application filing for an expansion of its EV Charge Network and EV Fast Charge programs, input from the DACAG will be invaluable to ensuring a just transition of our transportation system. In 2021, the CEC approved a three-year \$1.4 billion plan to help California

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<sup>1</sup> "D.21-04-014" (2021), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M378/K429/378429298.PDF>.

<sup>2</sup> "D.21-07-028" (2021), <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M394/K347/394347617.PDF>.

<sup>3</sup> Assembly Bill (AB) 841 established Public Utilities Code Section 740.12(b), which required that transportation electrification programs invest at least 35 percent of program investments in underserved communities, as that term is defined in Section 1601.

achieve its goals of having 250,000 chargers and 200 hydrogen stations by 2025 and making progress towards the infrastructure needed to reach the state's ZEV population targets for 2030 and beyond. This plan, the 2021–2023 Investment Plan Update for the Clean Transportation Program,<sup>4</sup> will help fund the state's zero-emission vehicle (ZEV) infrastructure build-out in support of Governor Gavin Newsom's executive order.<sup>5</sup> The plan also prioritizes medium- and heavy-duty infrastructure, including funding for infrastructure for 1,000 zero-emission school buses, 1,000 zero-emission transit buses, and 1,150 zero-emission drayage trucks, which will reduce harmful air pollution in frontline communities. The plan also supports in-state ZEV manufacturing, workforce training and development, and near- and zero-emission fuel production. The DACAG and other stakeholders inspired a recent refresh of the Clean Transportation Program advisory committee and provided input that guided the CEC to aim to provide at least 50 percent of funds from this plan to projects that benefit low-income and disadvantaged communities along with a strong focus on ZEVs. As the funds become available over the next two years, the CEC seeks the DACAG's continued engagement. Additionally, the CEC seeks DACAG's input as we further define benefits from the Clean Transportation Program beyond project location or other existing metrics.

**2) Distributed Energy Resources (DERs):** The agencies seek to collaborate more closely in 2022 to focus on broader penetration of DERs across the state. The CEC will focus on DER adoption, performance, and behavior to date, as well as future DER pathways, through the Integrated Energy Policy Report to improve analysis of DERs, including a robust definition of DERs to guide future analysis. In 2021, the CPUC's Energy Division issued a draft 2.0 update to its DER Action Plan, reflecting updated CEC forecasts of DER penetration and accounting for progress in transportation electrification. The CPUC's DER Action Plan explicitly aims for broader penetration of DERs and to hold workshops and working group sessions in 2022 focused on incorporating inclusion and equity input from stakeholders. Both agencies seek the DACAG's input as we explore the possibilities of greater DER penetration and accessibility.

**3) Gas Transition:** Both agencies will be focused on an equitable gas transition. A CPUC scoping memo issued on October 14, 2021 in the Gas Planning Rulemaking (R.20-01-007) addresses issues including safety, rates, and workforce transition. By the end of 2021, the CPUC will finalize its public engagement strategy and conduct capacity building and engagement activities on matters related to environmental justice

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<sup>4</sup> <https://www.energy.ca.gov/publications/2021/2021-2023-investment-plan-update-clean-transportation-program>

<sup>5</sup> <https://www.gov.ca.gov/2020/09/23/governor-newsom-announces-california-will-phase-out-gasoline-powered-cars-drastically-reduce-demand-for-fossil-fuel-in-californias-fight-against-climate-change/>

within the scope of the proceeding. The CEC intends to include the gas transition as part of the scope of next year's Integrated Energy Policy Report which will include numerous workshops to obtain input from tribes, stakeholders, and the general public. The CEC seeks the DACAG's advice on a community outreach and engagement strategy to discuss critical issues related to gas transition and the decarbonization of the gas system.

**4) Building Decarbonization and Electrification:** Both agencies have been advancing building electrification through various programs. The CPUC's Building Decarbonization efforts under R.19-01-011 include the Building Initiative for Low-Emissions Development Program (BUILD) Program and Technology and Equipment for Clean Heating Initiative (TECH) Initiative (administered by Energy Solutions) intended to reduce the carbon footprint of the built environment in support of SB 1477 (Stern 2018). Pilot funding has been allocated in the amount of \$200 million (40% to BUILD, 60% to TECH). The CPUC will benefit from feedback on program performance as the pilots get underway and are evaluated by a third-party evaluator (Opinion Dynamics). The CEC is the administrator of the BUILD program, a residential building decarbonization program that provides incentives and technical assistance to support the adoption of advance building design and near-zero-emission technologies in new low-income residential buildings, and is developing the program's Draft Guidelines that will establish the rules for the program including eligible applicants and projects, technical assistance, incentive structure, program participation, required project documentation, and the distribution and payment process. The CEC is also working on innovations for energy efficiency and load flexibility. Additionally, the CEC plans to continue using an equity lens as it prepares to update the building codes, specifically the 2025 Building Standards, with energy efficiency measures for existing buildings. The CEC looks forward to the DACAG's continued input on its building decarbonization programs, electrification innovations, and the building codes.

**5) Workforce Training and Development:** Generating and supporting jobs in the clean energy economy has been an important goal of both agencies. The CPUC entered into a Memorandum of Understanding (MoU) with the California Workforce Development Board (CWDB) in October 2020 in order to receive expertise from the CWDB on how to promote economic and workforce development opportunities within CPUC-authorized initiatives. Through the partnership, the CPUC has gained a much deeper and clearer understanding of the need to leverage its authority and jurisdiction to focus on the jobs created or supported by CPUC policies, as well as the training and services needed to develop a skilled and diverse workforce, addressing issues of quality and access on both fronts. Activities moving forward will include

creating guidance for CPUC staff regarding strategies and practices of a "high road"<sup>6</sup> approach to workforce development. The CEC is currently exploring a similar MoU with the CWDB as we make progress on an array of efforts that have potential for green job opportunities, including the Lithium Valley, the Clean Transportation Program Investment Plan Update, the natural gas transition, and building electrification.

- 6) Reliability:** The CPUC and CEC are among the agencies actively working to ensure electric reliability to avoid outages that affect Californians. While balancing the need for reliability and affordability is challenging, the CPUC has undertaken efforts to implement the Governor's order to ensure that Californians have reliable power without burdensome rates. Reliability includes a focus on increasingly hot summers, Public Safety Power Shutoffs (PSPS), and climate resiliency. Balancing the need for resource adequacy against clean energy goals requires candid input from communities to discuss tradeoffs and make informed decisions to help ensure the costs of climate change are not shouldered by disadvantaged communities. As the state works towards its goal of 100% clean energy, the agencies seek the DACAG's advice on the implementation of SB 100 and continued guidance as the agencies define and analyze non-energy benefits and social costs.

## **CEC Priorities for 2022**

- 1) Electric Program Investment Charge (EPIC) Program:** The CEC administers EPIC which funds electric public-interest investments to benefit the electricity-ratepayers of PG&E, SDG&E, and Southern California Edison Company (SCE). The CEC is grateful for the input DACAG provided throughout 2020 as staff developed the proposed EPIC 4 five-year investment plan with an annual budget of \$148 million, outlining funding priorities and initiatives. The DACAG's input is reflected in the recommended strategic objectives, initiatives, and research and development topics. The CPUC will conduct a formal proceeding to consider the proposed plan with anticipated adoption in the spring of 2022. The CEC seeks the DACAG's input to help us continue putting equity and inclusion at the forefront of EPIC.
- 2) Integrated Energy Policy Report (IEPR):** The CEC prepares the IEPR, a report, which is crafted in collaboration with a range of stakeholders, highlights key energy issues and provides recommendations on energy plans and policies. The IEPR is a critical component to identifying and solving the state's pressing energy needs and issues.

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[https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=UIC&division=7.&title=&part=&chapter=2](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=UIC&division=7.&title=&part=&chapter=2)

Vice Chair Siva Gunda will lead next year's IEPR and plans to make equity a part of the report's scope, including determining a framework to guide decisions for an equitable clean energy transition, conducting comprehensive community engagement, statewide planning analysis, and developing benefits assessments. The CEC values the DACAG's expertise and looks forward to the DACAG's participation in the 2022 IEPR proceeding.

### **CPUC Priorities for 2022**

**1) Affordability:** The CPUC held an Affordability En Banc in February 2021 to engage stakeholders on the drivers of electric rate growth and strategies to mitigate it, which are issues critical to DACs. In 2022 the CPUC will open a third phase of the Affordability Rulemaking (R.18-07-006) to consider these proposals and seek additional ideas and community input in advance of a 2023 decision. The CPUC is also preparing to issue a staff proposal in November 2021 as part of the second phase of this proceeding which will include recommendations on how to implement the affordability metrics that were adopted in D. 20-07-032 in future CPUC proceedings.

Again, thank you for your partnership. Your constructive input serves to inform and improve programs for all Californians. We wish you the best this holiday season and we look forward to connecting in the new year.

Sincerely,



Siva Gunda  
Vice Chair, CEC



Karen Douglas  
Commissioner, CEC



Cliff Rechtschaffen  
Commissioner, CPUC



Martha Guzman Aceves,  
Commissioner, CPUC