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**RE Marin Clean Energy on the Request for Information RE
Equitable Building Decarbonization Program (DOCKET NO 22-
DECARB-03)**

Additional submitted attachment is included below.



January 20, 2023

California Energy Commission
Docket Office
715 P Street
Sacramento, CA 95814-5512
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RE: Marin Clean Energy on the Request for Information RE: Equitable Building Decarbonization Program (DOCKET NO. 22-DECARB-03)

Dear Commissioners, Board Members and Staff,

Marin Clean Energy (“MCE”) strongly supports the goals of the California Energy Commission’s (“CEC”) Equitable Building Decarbonization program to prioritize beneficial low-carbon investments for low-to-moderate-income families and under-resourced communities. MCE sees equitable building decarbonization as a crucial opportunity to improve public health, reduce greenhouse gas emissions, strengthen energy affordability, support high-road workforce development, and advance equitable outcomes especially for individuals and communities facing historic barriers to clean energy programs and technologies.

MCE provides clean electricity service and cutting-edge energy programs to more than 1.5 million residents and businesses in 37 member communities across Contra Costa, Marin, Napa, and Solano counties. MCE’s mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating equitable community benefits. By buying and building more clean energy, MCE is fighting climate change while saving customers \$68 million in energy costs to date.

MCE is a committed program administrator (“PA”) of ratepayer-funded energy efficiency (“EE”) programs under the auspices of the California Public Utilities Commission (“CPUC”) alongside the California investor-owned utilities (“IOUs”). Under its EE portfolio, MCE offers a variety of innovative, decarbonization-focused EE and demand response (“DR”) programs serving residential, commercial, agricultural and industrial customers. MCE also administers direct-install programs as part of its EE portfolio including, but not limited to, its [Multifamily](#)

[Energy Savings \(“MFES”\) Program](#),¹ [Low-Income Families and Tenants \(“LIFT”\) pilot program](#)² and [Home Energy Savings \(“HES”\) program](#).³

MCE’s experience successfully administering EE funds under California Public Utilities Code (“Code”) Section 381.1(a)-(d) since 2013 informs its comments. MCE offers substantive comments on several questions on the Direct Install Program Criteria, Direct Install Third-Party Implementers and Solicitation Scoring, and Direct Install Eligible Equipment and Measures sections of the Request for Information. MCE submits **Attachment A** -- the results of DNV’s evaluation of MCE’s Low-Income Families and Tenants (“LIFT”) pilot program for 2017-2020. The LIFT Pilot aimed to reduce the energy burden and improve the quality of life of residents in income qualified multifamily properties in MCE’s service territory through energy efficiency, electrification, and health, safety and comfort upgrades.

I. Direct Install Program Criteria

1) *AB 209 directs CEC to establish a direct install program that shall be “at minimal or no cost for low to moderate income residents” and defines direct install program as an “energy efficiency, decarbonization, or load flexible solution provided directly to a consumer at minimal or no cost through a third-party implementer.” “Low-to-moderate income” is defined in section 50093 of the Health and Safety Code as persons and families whose income does not exceed 120 percent of area median income, adjusted for family size and amended from time to time by the U.S. Department of Housing and Urban Development.¹ The CEC is considering segmenting the state into different regions for the purposes of this program and requesting proposals from program implementers to implement the program across these regions. The CEC is preliminarily planning to allocate 66 percent of total budget funds – up to approximately \$610 million – to the direct install program. While this is a significant amount of funding relative to previous decarbonization investments in existing buildings in California, it is a small amount relative to the need in the sector. The program will be able to cover only a small fraction of the millions of potentially eligible households. Program criteria used to prioritize and score proposals will need to be both flexible enough to meet the needs of the different regions of the state and sufficiently uniform to establish appropriate baselines and metrics for implementation.*

a. What criteria should be weighed more heavily or prioritized when scoring program proposals?

¹ The Multifamily Energy Savings Program (“MFES”) provides residential energy efficiency and electrification improvements to affordable multifamily properties in the MCE service area.

² The Low-Income Families and Tenants (“LIFT”) program, launched as a pilot in 2018, reduces energy burden and improves the quality of life of residents in income-qualified multifamily properties in MCE’s service area. The Program offers energy efficiency, electrification, and health, safety, and comfort upgrades through a grant from the California Public Utilities Commission (“CPUC”).

³ MCE’s Home Energy Savings (“HES”) is a direct install program that provides energy efficiency and building electrification ready home assessments, and home upgrades to eligible single-family (up to 4 attached units) homeowners and renters in MCE’s service area. This program targets customers in Disadvantaged Communities whose household income falls between 200-400% of the Federal Poverty Guidelines (“FPG”).

MCE supports the CEC prioritizing program proposals that **leverage existing, complementary programs** and include a **meaningful community engagement strategy**.

1. **MCE strongly supports leveraging existing direct install programs to deliver greater benefits to participants with reduced administrative costs and a significantly reduced timeline for program launch.** The CEC will benefit from prioritizing projects that leverage both the vast administration experience and existing administrative infrastructure of related programs in support of the Equitable Building Decarbonization program’s goals. Leveraging and working to integrate the Equitable Building Decarbonization program within the ecosystem of state and local EE and decarbonization programs also eliminates the risk of potential confusion for participants and implementers. Similarly, reducing administrative costs by integrating proposed projects with existing administrative infrastructures allows the CEC to deliver deeper benefits to potentially more participants. Finally, leveraging existing programs also significantly reduces the timeline of delivering benefits to participants as existing programs can be modified much quicker to meet the goals and requirements of the new direct install program than establishing new program rules, requirements and procedures.
2. **Meaningful community engagement is a vital strategy to achieve the statutory goals of the Equitable Building Decarbonization program.** Meaningful community engagement helps ensure that the potential benefits of the programs align with the actual self-defined needs of low-to-moderate income families and under-resourced communities. This information will be relevant to both ensuring the functional success of programs and for mitigating known barriers for low-to-moderate income families and under-resourced communities accessing clean energy programs and decarbonization measures specifically. These barriers vary significantly regionally and across different populations.⁴ Meaningful community engagement can involve partnerships with trusted community-based organizations (“CBOs”).⁵ Proposals should include specifics of how the implementers will engage potential participants and communities with respect, dignity, and build knowledge of their varying and diverse interests.

⁴ BEEP Coalition, *Community Priorities for Equitable Building Decarbonization Report* (March 2022), available at: https://ww2.arb.ca.gov/sites/default/files/2022-03/BEEP%20Letter%20and%20Report_Equitable%20Decarb%20March%202022.pdf at 1 (“Our energy system is incredibly complex. There are no two regions in California that experience energy the same way, so our approach to transitioning our energy system needs to create space for local leadership and community-based pilots.”).

⁵ California Energy Commission, *SB 350 Barriers Study*, available at: https://assets.ctfassets.net/ntcn17ss1ow9/3SqKkJoNIvts2nYVPAOmGH/fe590149c3e39e51593231dc60eeeff/TN214830_20161215T184655_SB_350_LowIncome_Barriers_Study_Part_A_Commission_Final_Report.pdf, p. 9 (The Legislature should direct funding for all state programs to collaborate with trusted and qualified community-based organizations in community-centric delivery of clean energy programs, in coordination with local governments...”).

c. Should low-income and moderate-income households be incentivized at different levels? If so, how should that be approached?

MCE's EE and decarbonization programs serve both low- and moderate-income households. MCE submits, consistent with Assembly Bill 209,⁶ that both low- and moderate-income households face significant barriers to electrification and decarbonization measures. Many "general market"⁷ energy programs functionally serve only higher income households, and homeowners specifically. Low- and moderate-income households face many barriers to access, including the high cost of participant payments required for most general market energy programs. In some instances, moderate income households do not qualify for designated low-income energy programs such as the Low-Income Weatherization Program ("LIWP"), the Low-Income Home Energy Assistance Program ("LIHEAP"), the Energy Savings Assistance ("ESA") program or the Family Energy Rate Assistance ("FERA") program, but still require financial and technical assistance for the upfront costs of decarbonization measures and upgrades. Hence, MCE recommends the CEC serve both low-income and moderate-income families at the same incentive level. In addition to the Equity issues outlined above, MCE also fears that incentivizing low- and moderate-income households at different levels would increase the administrative costs and complexity of eligibility analysis for a PA. These administrative costs may limit the number of participants served and the depth of the benefits they may receive.

2) To optimize program funds, CEC may offer preference for proposals that layer incentives or leverage other programs

a. What best practices, program elements, or state actions would facilitate layering or leveraging different program offerings?

As a starting point, MCE recommends the CEC work with stakeholders to develop a list of current and potentially complementary direct install programs. The list should include relevant information on each program including, but not limited to, geographic reach of program, PA, measures, historic outcomes such as electricity savings and greenhouse gas emissions reductions, administrative structures, known equity barriers and existing community partnerships.

Additionally, MCE strongly recommends the CEC stack the incentives, measures, and potential benefits of other programs with the Equitable Building Decarbonization program offerings to allow greater delivery of benefits. MCE discourages the CEC from layering complementary programs in a manner that reduces the eligibility or level of participation of a potential participant. Decarbonization measures for low-income and under-resourced communities often require a host of related upgrades with significant upfront capital costs.⁸ The Equitable Building

⁶ Assembly Bill 209 (2022), section 25665.

⁷ For the purposes of this filing, MCE defines "general market" programs as programs that do not have income restrictions.

⁸ The Greenlining Institute, *Equitable Electrification Report* (2019), available at:

https://greenlining.org/wp-content/uploads/2019/10/Greenlining_EquitableElectrification_Report_2019_WEB.pdf p. 1 ("In addition to the high upfront costs of electrification, ESJ community members often live in old

Decarbonization program should maximize the opportunities of complementary programs so potential participants may receive the holistic offerings necessary for program success. The CEC should work with PAs of existing programs through public workshops to generate specific process recommendations for layering programs.

MCE offers a detailed description of how it coordinates participation in two of its complementary programs, the Home Energy Savings (“HES”) and the Multifamily Energy Savings (“MFES”) programs, in response to **Question 7**.

b. Should layering or leveraging other programs be a requirement for proposals or a prioritization when scoring proposals?

Yes, as stated above in response to **Question (1a.)**, MCE recommends the CEC prioritize projects that layer or leverage other complementary programs and program offerings. The CEC should require that project proponents demonstrate their process for layering or leveraging existing programs in their proposals. This is particularly important for program proposals that cover a geographic area in which a decarbonization-focused direct install program already exists. In such a case, project proponents must describe in their proposal how they will integrate complementary measures, funding sources, implementation strategies, administration activities, and community engagement. The CEC should prioritize proposals that maximize the potential benefits of layering programs not only to reduce administrative burdens, but also to limit potential customer confusion and reduce program costs.

3) The inclusion of both low-income and moderate-income households allows flexibility for proposals that want to electrify specific neighborhoods or communities.

a. What program elements, geographic targeting, or state actions would facilitate this approach?

MCE recommends the CEC use geographic hotspots to reach low-to-moderate income customers and under-resourced communities. The CEC should prioritize neighborhoods that have a higher density of low-to-moderate income households and under-resourced communities. The CEC may also leverage knowledge from existing programs focused on serving similar low-to-moderate-income households and under-resourced communities. The CEC should partner with PAs of existing direct install programs who could share their local delivery channels, as well as marketing and engagement lists. This process would allow the CEC to avoid replicating existing knowledge and support neighborhood or community-level projects.

For example, MCE leverages focused word-of-mouth referrals in its Home Energy Savings (“HES”) program. The HES implementer focuses on serving one neighborhood at a time under

houses or apartment buildings that face structural and maintenance issues, which require separate investment for home repairs before installing new energy equipment. Existing policy is not capable of addressing energy and housing interventions holistically, which could otherwise help bridge the gap between household budgets and the high cost to upgrading these older and under-maintained buildings.”).

this strategy. MCE prioritizes neighborhoods with higher density of lower-to-moderate income customers. The implementer then uses word-of-mouth and door-to-door canvassing strategies to engage with customers on their needs and program opportunities. This has proven to be a successful outreach and customer recruitment strategy for MCE’s direct install program.

II. Direct Install Third-Party Implementers and Solicitation Scoring

5) *AB 209 defines “third-party implementer” as “non-commission staff under contract to the commission who propose, design, implement or deliver Equitable Building Decarbonization Program activities.” Proposals from third-party implementers that include at least one community-based organization and employ workers from local communities shall be prioritized.*

a. How should the CEC segment the state for a multiple-implementer solicitation (e.g., by climate assessment regions, climate zone, groupings of air districts, counties, etc.)? Are there other ways to segment the state to provide geographic diversity and advance equity?

MCE suggests the CEC segment the state by counties to ensure geographic diversity and advance equitable outcomes. MCE views local leadership as essential to the success of the Equitable Building Decarbonization program.⁹ As described in response to **Question (3a.)** above, MCE has been successful in implementing direct install programs at the hyper-local level, i.e. by conducting neighborhood-based outreach and engagement strategies. Furthermore, many of MCE’s CBO partners are organized at the local or county level. The diversity of regional barriers and opportunities related to equitable decarbonization efforts are tremendous. The CEC must solicit meaningful leadership from the local level to overcome regional barriers and expand existing opportunities.

MCE, at times, also implements county segmentation in its own EE and decarbonization programs. For example, MCE adopted county segmentation in administering its Green & Healthy Homes Initiative across multiple counties.¹⁰ This segmentation allows MCE to serve the distinct local needs of many populations in each county. In Marin County, similar MCE programs focused on supporting ageing in place while in Contra Costa County, MCE focuses on mitigating the impacts of asthma.

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⁹ BEEP Coalition, *Community Priorities for Equitable Building Decarbonization Report* (March 2022), available at: https://ww2.arb.ca.gov/sites/default/files/2022-03/BEEP%20Letter%20and%20Report_Equitable%20Decarb%20March%202022.pdf at p. ii (“Statewide rebate or incentive programs will continue to fail to reach those communities without significant investment in community-led efforts to engage communities that are being left behind.”)

¹⁰ MCE, *MCE Expands Green & Healthy Homes Efforts National Program Works Locally to Reduce In-Home Asthma Triggers*, available at: <https://www.mcecleanenergy.org/mce-news/mce-ghhi/>.

b. What opportunities for workforce development should be considered, encouraged, or leveraged?

The CEC should consider and leverage existing electrification workforce development programs such as the workforce development components of the Technology and Equipment for Clean Heating (“TECH”) program, the [High Road Training Partnerships program](#) including, but not limited to, the High Road to Building Decarbonization in the San Francisco Bay Area Project,¹¹ as well as workforce development programs under the CPUC’s EE portfolios.

For example, MCE offers a Workforce Education & Training (“WE&T”) program under its EE portfolio¹² that focuses on electrification-specific education and training to interested contractors. MCE recommends the CEC support programs like MCE’s WE&T program that already provide direct access to electrification-specific trainings, connections with active job seekers, and technical mentorship to participants. These strategies grant more contractors and workers access to relevant electrification best practices and resources.

Similar to the recommendation made in response to **Question (2a.)** above, MCE recommends that the CEC compile a list of existing workforce development programs and initiatives that are focused on electrification before developing any new programs that may be duplicative with existing initiatives.

7) While designing the criteria and solicitations for the regional decarbonization programs, CEC is considering offering an initial phase of the Equitable Building Decarbonization Program to support or expand currently active decarbonization programs with established infrastructure and demand. These programs may be more limited in geographic scope or decarbonization activities than what is expected from the regional programs.

a. Should other currently active building decarbonization programs be allowed to compete for funding from the Equitable Building Decarbonization Program?

Yes, MCE strongly supports the CEC allowing existing building decarbonization programs that meet the goals of the CEC’s Equitable Building Decarbonization Program to compete for funding in the forthcoming request for proposal (“RFP”). MCE believes this is crucial for two main reasons. First, as stated above in response to **Question 1** and **Question 2**, leveraging existing programs’ administrative infrastructure and outreach strategies is an effective and efficient use of funds. Second, this approach also enables a quick deployment of the program, thereby enhancing the program’s impact and delivering equitable benefits sooner to a potentially greater number of participants. The health, safety, comfort and affordability improvements

¹¹ High Road Training Partnerships Projects – High Road to Building Decarbonization in the San Francisco Bay Area, available at: <https://cwdb.ca.gov/initiatives/high-road-training-partnerships/>. The program provides regional partners a platform to collectively identify specific workforce barriers and recommendations for successful career development.

¹² MCE, WE&T available at: <https://www.mcecleanenergy.org/contractors/#WET>. Green Workforce Pathways.

possible through community-led equitable building decarbonization programs are a matter for urgent action.

For example, MCE currently administers three direct install programs that could be modified and scaled rapidly to meet the goals of the Equitable Building Decarbonization program. These programs are MCE’s Home Energy Savings Program (“HES”) the Multifamily Energy Savings (“MFES”) program (both run under MCE’s ratepayer-funded EE portfolio) and the Low-Income Families and Tenants (“LIFT”) pilot program (run under the ratepayer-funded Energy Savings Assistance (“ESA”) program). All three programs are successful and could be scaled easily to engage a broader set of customers on an expedited timeline. MCE’s HES program, for example, was fully subscribed in 2022 and was not able to work with all interested customers due to budgetary limits. If the program were to receive additional funding through the CEC’s Equitable Building Decarbonization Program, MCE could easily scale the program and reach additional customers effectively and efficiently.

Furthermore, MCE could strengthen its electrification offerings under its direct install programs if it were to receive additional funding from the CEC. As currently designed, MCE’s direct install programs mostly focus on EE measures such as insulation, duct sealing, ENERGY STAR® appliances and lighting. MCE is currently able to offer electrification measures such as heat pump water heaters and heat pump HVACs under its direct install programs but only to a small number of program participants due to budgetary constraints. If MCE were to be granted additional funding for electrification measures through the CEC’s program, it could leverage its existing program infrastructure to quickly and efficiently bring electrification measures to additional participants in its direct install programs. With additional CEC funding, MCE would request to consider the expansion of eligible measures such as the potential inclusion of induction cooktops and electric ovens under all of its direct install programs, and/or the inclusion of smart thermostat under its multifamily direct install programs.

In the following sections, MCE provides a brief description of each of its current decarbonization-focused direct install programs. MCE hopes to provide additional details about how it could modify its programs to meet the goals of the CEC’s Equitable Building Decarbonization Program in response to the forthcoming RFP.

HES Program

MCE’s HES program is a direct install program that provides moderate-income single-family homeowners and renters a home energy assessment and no-cost home energy upgrades, including electrification measures. HES currently serves customers that fall between 200 and 400 percent of the federal poverty limit.¹³

The HES program offering includes, but is not limited to:

- No Cost Home Energy Assessment;
- Heat Pump Water Heaters and HVAC systems, based on availability and best-fit;

¹³ MCE recommends reevaluating eligibility criteria for its direct install programs if it were to be granted funding under the CEC’s Equitable Building Decarbonization Program to meet program goals and requirements and enable the greatest number of participants in the programs.

- Attic insulation;
- Duct sealing;
- Pipe insulation;
- Smart thermostat;
- Water-saving shower head;
- Water-saving kitchen faucet aerator;
- Bathroom faucet aerators.

MCE recently received sub-granted funds under the [Transformative Climate Communities program, City of Richmond: Richmond Rising](#) grant to support and expand the HES program's delivery of electrification measures that improve health and safety in the City of Richmond.

MFES Program

MCE's MFES program serves low-income customers in deed-restricted multi-family properties with direct install energy efficiency and electrification measures. The program provides both rebates for tenant units and whole building upgrades. The MFES program complements MCE's LIFT program (see more details below).

The MFES program provides:

- No-cost comprehensive energy efficiency assessments;
- Assistance with contractor solicitations and project planning;
- Energy and water efficiency upgrades including:
 - ENERGY STAR® appliances;
 - Insulation;
 - Lighting;
 - Water fixtures;
 - Heat pump water heaters and HVAC system;
 - Windows.

The MFES program has improved the efficiency of over 4,700 multifamily units over the past 9 years (from 2013-2022), saving participants 1,407,572 kWh (equivalent to the total electricity used in 230 homes a year), over 108,000 therms, and nearly \$1.2 million.

LIFT Program

MCE's LIFT program offers energy efficiency upgrades to hard-to-reach, low-income multifamily property owners whose renters have a household income at or below 250% of the federal poverty level.¹⁴ The LIFT program works to address the many barriers to decarbonization low-income tenants experience by providing incentives exclusively for tenant units and working directly with property owners and managers to minimize the potential administrative burden on the tenants.

¹⁴ MCE recommends reevaluating eligibility criteria for its direct install programs if it were to be granted funding under the CEC's Equitable Building Decarbonization Program to meet program goals and requirements and enable the greatest number of participants in the programs.

The LIFT program provides upgrades for energy efficiency, electrification, and health, safety, and comfort including:

- High-efficiency HVAC;
- High efficiency refrigerators;
- Smart thermostats;
- Faucet aerators;
- LED lighting;
- Low-flow showerheads;
- Pipe insulation;
- Heat hump water heaters and HVAC systems;
- Electrical upgrades.

The LIFT Program distributed over \$1 million in incentives to 680 qualifying households between 2018 and 2021 and successfully reached underserved customers with 95% of participants residing outside of a DAC. Participants collectively saved over 7,800 kilowatt-hours annually and individually, an average of \$192 per year on their electricity bill. MCE submits additional information on the LIFT program and its electrification measures in **Attachment A** to this filing.

b. Should the CEC fund decarbonization programs that have existing infrastructure in an initial phase to allow for the Program to quickly decarbonize homes and provide benefits to residents?

Yes, MCE supports the CEC funding existing decarbonization programs in an initial phase to deliver benefits to residents as quickly as possible. Low-to-moderate-income families and under-resourced communities are seriously and disproportionately overburdened by the varied public health impacts of fossil fuel appliances.¹⁵ MCE supports urgently and thoughtfully administering Equitable Building Decarbonization program funds to expand the benefits received and participants served by successful programs with aligned goals. MCE sees tremendous opportunity to readily deliver meaningful health, safety, and comfort benefits, as well as greenhouse gas reductions, through support and expansion of existing programs.

As stated above in response to **Question (7a.)**, MCE could easily and quickly modify and scale its existing direct install programs to meet the goals of the CEC's Equitable Building Decarbonization Program. The following specific program components enable MCE to quickly provide impactful customer benefits in an initial phase:

1. Existing administrative structure: MCE already works with experienced program implementers and can use existing administrative structures (such as program management and budgeting procedures) to quickly modify and (re-) launch Equitable Building Decarbonization programs.

¹⁵ UCLA Fielding School of Public Health Department of Environmental Health Sciences (April 2020), *Effects of Residential Gas Appliances on Indoor and Outdoor Air Quality and Public Health in California*, available at: <https://coeh.ph.ucla.edu/effects-of-residential-gas-appliances-on-indoor-and-outdoor-air-quality-and-public-health-in-california/>.

2. Existing community engagement and outreach strategies: MCE uses meaningful community engagement and community outreach strategies for its programs such as the neighborhood-level recruitment strategy for its HES program and CBO partnerships.
3. Experience with the installation of electrification measures: MCE partners with knowledgeable implementers with significant experience successfully installing electrification measures for low-to-moderate income customers and in building of older housing stock.
4. Experience with quickly, efficiently and effectively launching programs: MCE demonstrated it can quickly, efficiently and effectively launch programs in response to policy and customers' needs. In the winter of 2021, MCE proposed the scaling of its innovative, DR-focused [Peak FLEXmarket program](#) to the CPUC in response to the Governor's Grid Reliability Emergency Proclamation in the summer of 2021. Upon approval by the CPUC, MCE quickly modified its program rules and requirements and re-launched the pilot as a full fledge program in less than 5 months. MCE would similarly modify and expand its related decarbonization programs if awarded additional funding from the CEC.

III. Direct Install Eligible Equipment and Measures

8) The statutory direction on eligible measures is broad: "Projects eligible to be funded through the direct install program include installation of energy efficient electric appliances, energy efficient measures, demand flexibility measures, wiring and panel upgrades, building infrastructure upgrades, efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat, where appropriate, and remediation and safety measures to facilitate the installation of new equipment." The CEC plans to require the use of meter data driven analytical tools to inform what measures should be prioritized based on GHG reduction, energy reduction, and bill impacts.

a. What specific equipment and measures should be prioritized?

MCE's experience administering low-to-moderate-income EE programs designed to advance equitable decarbonization informs its understanding of existing barriers for specific equipment and measures. Existing federal, state and local decarbonization programs often do not cover all the supporting upfront capital costs required to decarbonize a household. MCE correspondingly recommends the CEC design the Equitable Building Decarbonization Program to mitigate these barriers and prioritize the following measures:

- Electric panel upgrades;
- 120-volt heat pump water heaters ("HPWH"). These may also be used for emergency replacements;
- Construction activities required to create the necessary physical space for decarbonization measures (e.g. HPWH are typically larger than their natural gas counterparts);
- Low global warming potential ("GWP") technologies approved in existing programs (e.g. by TECH, and SGIP);

- Energy efficiency measures that effectively lower kWh energy load, e.g. insulation, air and duct sealing;
- Health and safety upgrades required for the permitting to complete decarbonization measures;
- Measures that improve the health, safety and comfort of the residence or unit;
- Measures that improve energy affordability.

Additionally, MCE encourages the CEC to permit including to be identified measures acting as local barriers to decarbonization efforts identified by meaningful community engagement efforts. As stated throughout these comments, meaningful community engagement is required to identify all the relevant barriers and opportunities associated with equitable building decarbonization projects.

d. How should the CEC consider equipment and measures that mitigate impacts from extreme heat, wildfires, or local air pollution but increase individual energy use (e.g., installing a heat pump heating and cooling system in a home that previously did not have an air conditioner)? How does this align with the legislative direction that the program shall “reduce the emissions of greenhouse gases”?

MCE recommends the CEC consider the non-energy benefits (“NEBs”) of equipment and measures. Traditional energy efficiency and clean energy program’s evaluation of NEBs has been identified as a key barrier to decarbonization investments in low-to-moderate-income households and under-resourced communities.

MCE recommends further that the CEC consider program and portfolio wide greenhouse gas reductions (instead of project-specific ones) to satisfy its statutory requirements.

9) This program offers a significant opportunity to advance load flexibility in the residential sector and across the state. Load flexibility or load management provides residents with the ability to shift their energy usage in response to hourly energy prices, GHG emissions, or grid conditions. This can provide savings on consumer bills, as well as provide grid reliability support.

a. What load flexibility requirements should be included in the direct install program, and which load flexibility measures should be prioritized?

The CEC should *encourage* programmable or connected devices and enrollment in a demand response (“DR”) program. However, the equity goals of this program should be retained in designing corresponding program rules. MCE recommends *requiring* participating customers to install programmable or connected devices and to participate in DR programs as they may be facing related barriers to implementation that are presently unforeseeable.

MCE recommends that the CEC should prioritize the following load flexibility measures:

- Smart thermostats;
- Heat pump water heaters and HVAC systems;
- Load tracking devices (e.g. Emporia Vue home energy monitor).

IV. Conclusion

MCE looks forward to ongoing collaborations with the CEC and stakeholders to ensure affordable access to building decarbonization and clean energy technologies in our service area and across California. Thank you for your consideration.

Sincerely,

/s/ _____

Wade Stano

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Policy Counsel

MCE

ATTACHMENT A