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**Franklin Energy Input on Draft Equitable Building Decarbonization
Direct Install Program Guidelines**

Additional submitted attachment is included below.



June 30, 2022
California Energy Commission
715 P Street
Sacramento, California 95814

Subject: Franklin Energy Input on Draft Equitable Building Decarbonization Direct Install Program Guidelines (Docket No. 22-DECARB-03)

Greetings,

This transmittal from Franklin Energy responds to the California Energy Commission's ("CEC") May 4, 2023, request for input on the Draft Equitable Building Decarbonization Direct Install Program Guidelines (the "Draft Guidelines") per Docket No. 22-DECARB-03. Franklin Energy applauds the CEC's leadership and wide-ranging public engagement on this critically important matter and appreciates the opportunity to respond to the Draft Guidelines and the questions posed by Commission staff. Franklin Energy attended many of the Regional Workshops and valued the opportunity to listen to community input and discussion.

About Franklin Energy

Franklin Energy has been delivering turnkey energy efficiency and demand management programs across the U.S. for three decades. We have helped more than one hundred utilities and government clients in 30-plus states design and administer programs reaching end-use customers of all types. We have focused heavily on the single-family and multi-family sectors over these many years, serving market-rate and low-to-moderate-income consumers living in urban, suburban, and rural communities. In any given year, we engage more than 500,000 households administering \$100M in residential rebates. Our work in California dates back to 2007, during which we have implemented both single and multifamily energy efficiency and demand response programs. We work closely with the CEC, investor-owned and municipal-owned utilities, RENs, and CCAs, and have delivered the Department of Community Services and Development ("CSD") Low-Income Weatherization Programs, as well.

The Equitable Building Decarbonization Program and the Draft Guidelines

The Equitable Building Decarbonization ("EBD") Program arrives at the right time for California. While there is a myriad of programs administered across the state aimed at addressing energy affordability, equity, air quality, grid reliability, and economic development, the statewide EBD Program will play a welcome foundational role, stitching together regional offerings and filling gaps that existing programs currently miss.

The Draft Guidelines are thorough, thoughtful, and clearly embraced much of the feedback provided to the CEC during the earlier EBD RFI process. Our specific comments appear below.

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Comments on Chapter 1: Program Overview

Section C, Program Components, and Section D, Budget

The EBD's four program components and associated budgets for each presented in the Draft Guidelines, emphasizing the Statewide and Tribal Direct Install investments, are practical in Franklin Energy's view. We support the concept of keeping the aims of the Statewide Incentive Program ("SIP") broad for now, to wait and see how the federal Inflation Reduction Act ("IRA") home rebate programs take shape. One option may be using the SIP to provide a metered, pay-for-performance EBD pathway (using IRA the HOMES Program funds) for program aggregators. This approach under SIP may be particularly useful for entities such as housing authorities with portfolios of affordable housing buildings that would be eligible for EBD. The IRA Home Electrification and Appliance Rebates also could be placed under SIP and later utilized to offset equipment costs in the Direct Install programs.

In AB 209, Chapter 7.6 Article 1. General Provisions, Subsection 25661 (a) the enabling legislation defines Administration:

"[Those] services may include, but are not limited to, providing outreach to eligible industries, identifying promising technologies, assessing market conditions needed to accelerate commercial traction of the technology, assisting with technical review of proposals and deliverables, identifying opportunities that provide significant benefits to the electrical grid, and performing benefits analysis."

The legislation caps Administration at 15 percent of the moneys appropriated. Consistent with best practice in the EE industry, we observe that there are numerous services that are vital to the success of the EBD program, but that are neither incentives nor administrative services as defined above. These are commonly referred to as Direct Implementation, Non-Incentive ("DINI"); these services encompass Workforce Education & Training, marketing to customers (exclusive of outreach to industry), coordination with key community-based organizations ("CBOs") and stakeholders, Quality Assurance, Program Evaluation, and critically in this example, the seamless integration of applications, inspections, measures, in order to leverage funding from sister programs, each with their own requirements, schedules, and prioritization. As we move into a brave new world of "braided funding," this integration work is vitally important but typically unfunded. Our experience is that integration work can unlock matching funding at 3 to 5 times the investment in implementation dollars. We strongly recommend the CEC consider its definition of DINI Administrative costs to make this critical work possible.

Comments on Chapter 2: Statewide Direct Install Program

Section B, Selection of Administrators

In the context of the Statewide Direct Install Program, what specific activities or tasks do you believe will be the most important for participating CBOs to lead or engage in?

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Franklin commends the CEC for requiring program administrators to partner with community-based organizations. We recognize and understand that building trust and leveraging trusted voices are critical to any successful program. CBOs are that trusted voice and, often, serve as a trusted gatekeeper for many communities in need of services. To that end, to ensure success, we believe that CBOs play a leading role in program marketing, education, outreach, and lead-generation efforts in the communities they serve. When program and contractor staff are hired from the communities served, participation rates increase, and CBOs can assist in providing a pipeline of opportunities for workforce development and benefit contractors. CBOs will also be helpful in expanding outreach efforts to diverse contractors, and those in disadvantaged communities unaware of the EBD program.

Section D, Initial Community Focus Areas

Would you suggest any changes to the proposed criteria for identifying initial focus areas?

The proposed criteria for the initially targeted communities are thoughtful and appropriate. The selection process for these initial communities will be challenging, but implementers like Franklin Energy with experience taking a data-driven approach that identifies households with a high propensity to save will be in the best position to support an initial cut of decision-making. Armed with this information, clusters of customers that meet the other criteria based on climate zone and census track information, and other EJ screening tools, it is highly likely areas of focus areas will emerge.

Regarding communities not selected for the initial phase -- and for households that are not a fit for the EBD Program --we recommend program administrators be empowered to work hand-in-hand with other programs (and CBOs in other communities) to steer families to program services provided to communities not initially selected for EBD.

Franklin Energy's adheres to "No Referrals" as an operational principle. Instead, we believe in direct service to customers through coordination with sister programs. It is critical to seamlessly deliver customers who do not qualify into other programs that meet their needs while remaining a point of contact for any barriers that may arise. This approach is vital for customers in historically underserved areas and requires resources to be successful. We discuss this issue further above in our comments about Chapter 1, Sections B and C, and below regarding Chapter 4, Section A.

Do you have recommendations regarding the process and criteria by which [communities not identified as initial focus areas] should be considered for inclusion?

Beyond the initial selection, assuming there will be program resources to continuously perform advanced M&V on the portfolio of participating homes, the program administrators will be in the best position to refine and improve the targeting process to serve subsequent communities.

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Section E, Household/Property Eligibility

Would you suggest changes to the proposed income verification requirements to better achieve [balance between good stewardship of public funds and ensuring the program benefits its intended recipients while avoiding overly stringent requirements that create barriers to participation]?

The income eligibility pathways described in the Draft Guidelines are comprehensive and sensitive to creating unwarranted friction to program access. One additional approach not referenced in the Draft Guidelines would be to use categorical and geographic eligibility criteria to further reduce program costs and drive participation in targeted low-income and disadvantaged communities.

We are excited to see the CEC support the use of data in customer targeting. Historically, customer data has been difficult to obtain, even through mechanisms such as Green Button Connect. Our experience is that the use of customer data helps identify the customers with the greatest need and those most likely to see net bill savings from electrification. Having targeting data in advance of customer outreach also supports the most cost-effective use of funds.

Section I, Eligible Measures

Would you suggest changes or additions to the lists of required, eligible, and ineligible measures?

The selected measures are well-informed and needed. Acknowledging the scale of the challenge to decarbonize California's housing equitably requires the measures to strike a good balance between providing valuable services to residents while also extending reach into many communities that may have been historically underserved. We also appreciate the flexibility to serve homes based on the needs present, and the portfolio rather than site-level approach to controlling mitigation and electrical services.

Section J, Pricing and Cost Caps

Would you suggest any changes to the proposed average cost caps?

Our experience providing equity-focused efficiency paired with electrification supports the cost caps proposed as appropriate with an effective means of bringing services to more customers with the funding provided, thereby providing more value for California taxpayers.

What other funding resources could help cover deferred maintenance costs for participating households?

In previous program experiences in California efforts, we have had positive outcomes for our customers by braiding direct install services from multiple programs at the measure level. Resources will vary by region such that a thorough discovery and outreach effort while launching is called for, including a measure-level analysis. Federal programs like LIHEAP and WAP can in certain circumstances replace windows and doors and sometimes elevate egregious health and safety services like plumbing repairs, however, processes are needed to achieve approval, which can add time and administrative burden.

Additional opportunities are also emerging with the reinforcement of Federal funding from the Infrastructure Investment and Jobs Act taking the shape of grants like Transformative Climate Communities through the

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Strategic Growth Council. DOE has also shown interest in enhancing existing services in the Weatherization Assistance Program. In this context, coordination with administrators, implementors, and CBOs can provide even greater value and extend the reach of the EBD effort.

Comments on Chapter 4: Administration

Section A, Program Coordination, and Incentive Layering

In Franklin Energy's experience, programs are most successful when they feature an integrated, customer-centered, and contractor-focused experience, coordinating behind-the-meter offerings. Energy efficiency, building electrification, demand management, and other distributed energy resources should be deployed in an integrated fashion. A "one-stop shop" experience is even more important in disadvantaged, underserved, and at-risk communities, especially in programs where only target communities will be served.

Given coordination and incentive layering are priorities – which Franklin Energy agrees is critically important -- the scope of services expected from Program Administrators should be clear. To ensure efficiency and cost-effectiveness, program budgets limit implementation costs to focus on delivering the program's own set of incentives, with only some resources allocated for referring customers to other programs. If the scope of the EBD Program is more ambitious (which would be an exciting opportunity), Program Administrators will need to maintain an inventory of all the IOU, MOU, CCA, REN, CSD, and other programs in their region with each of the programs' eligibility criteria, rules, funding levels, and points of contact. Implementers will need to configure sophisticated screening software tools that account for each of the programs and customer service processes to identify and set the order of operations for the use of various rebates. Careful consideration should be given to Program Administrator delivery budgets if the EBD Program is to achieve the aspirations of a one-stop shop.

Section B, Metrics and Data Collection

Would you suggest changes or additions to the list of goals and metrics? Do you have recommendations regarding the use of data and analysis to inform improvements to the program?

Data analysis represents a strong opportunity to abate concerns of increasing energy cost burden. Prescreening for high seasonal usage patterns is useful in this regard, however, this effort's equity focus would not be supported if data-driven outreach efforts do not also intentionally seek to identify those forced to choose between air-conditioning their home when needed or providing for other essential needs.

To provide space conditioning to those in hotter climate zones who currently lack it will require some creative thinking about delivering average reductions in customer bills if we seek to serve these customers.

Franklin Energy also suggests that any analysis should account for efficiency gains achievable through following an efficiency first loading order, examine various combinations of electrification measures, and project outcomes with time-dependent rates with electric baseline usage allotments. It would also be most helpful to know if CARE or similar Low-income discounts exist at the site level or represent an opportunity. In summation, we support a

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data-driven approach that is thoughtful and inclusive, as some customers may benefit from services if given an opportunity to make an informed decision about energy affordability.

Section C. Tenant Protections

Would you suggest additional tenant protections? What services, such as tenant education provided by community-based organizations, would tenants need to ensure that the proposed tenant protections are effective? Can you suggest specific organizations that could provide these services?

Acknowledging this is a long-standing area of difficulty we endorse the approach proposed and are hopeful that additional tools and resources will continue to develop for use in this effort and others as well.

Section D. Workforce Standards and Requirements

Would you recommend changes or additions to these workforce standards and requirements?

Franklin enthusiastically endorses providing on-ramps to well-compensated jobs with advancement opportunities and training, with specific intent for diversity and inclusion, and within the communities served by the EBD. To deliver on the promise the effort can create if done well, we also support providing growth opportunities for small businesses, with the intention to serve women and minority-owned firms. We do not have any revisions to suggest at this time, but we are hopeful that the implementation phase of this program features informed solutions for market phenomena like the age-old apprenticeship nature of construction career advancement, and more recent developments like small businesses being absorbed into national-level enterprises.

One proposed workforce element is a preference for local contractors. How would you recommend defining "local" for this purpose?

Franklin supports this decision being informed by the community eligibility guidelines in Chapter 4 section C, however, we acknowledge a balanced approach in that rural areas are more likely to have experienced the loss of skilled workers to urban areas with more opportunity. Another beneficial outcome may take the shape of diverse businesses establishing operations in target communities, hastening access to resources where it can be most needed, but setting up a mailing address or an empty office provides no value. The workforce plans described in Chapter 4 section D should account for the geographic proximity of their workers, providing for growth throughout the term of service, and from a baseline condition that reflects the region served. This effort will intentionally produce demand in underserved markets which is good, but moving from job seeker to technical lead in highly skilled trades can take many years of field experience. Therefore, Franklin endorses measured improvement plans with any geographic metric focused on the workers' proximity, while not encumbering service delivery while newly introduced demand and training opportunities mature in underserved communities.

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Thank you for the opportunity to comment. The EBD program is an exciting opportunity, and we welcome further engagement from the CEC, CBOs, and other stakeholders as the planning process advances. Feel free to contact us with any questions.

Sincerely,

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