

**DOCKETED**

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**Ecology Action Comments to Docket for Climate Innovation Program**

*Additional submitted attachment is included below.*



Re. Comments to Docket #: 22-ERDD-02, Climate Innovation Program

December 12, 2023

Dear CEC Team;

We are grateful for the opportunity to provide comments that address the following two prompts posed by staff:

*Please indicate any objectives or technology families not presented that the CEC should consider.*

*How can the CEC ensure that equity is centered within this program?*

**To center equity within this program we urge the CEC to consider allowing these funds to support not only innovative technologies such as software and equipment, but also innovative deployment approaches and deployment business models. Without the combination of the two, history shows that equity will remain unrealized.**

It is widely known that the technology required to meet GHG reduction goals already exists, however we remain unable to deploy it fast enough to meet mandated reductions, particularly within equity communities. To achieve equity requires coupling outstanding innovative technologies with outstanding innovative deployment approaches. Both must be present for society to win.

Large, sophisticated entities have staff capacity to adopt needed climate technologies. Most individuals and small businesses do not. This capacity barrier is even greater in under-resourced communities where there are less resources to pay for expertise to support adoption of new climate technologies. For this reason, it is essential to appropriately couple the required education, technical assistance, decision support and installation management with the innovative climate technologies.

One example of an equity-achieving deployment model is called "direct installation." Direct installation is a one-stop, turnkey service package that provides the end-user with needed consultation, education, design, permitting and installation support. It has proven to achieve equity in scaled deployment of energy efficiency and demand response technologies over the last two decades and is now being tested by PG&E and the CEC with EV charging in affordable multifamily housing and small businesses located in disadvantaged communities.

Direct installation has a track record of success when a given market segment fails to respond to customary per-unit incentives alone. It is important to note that direct installation is not simply offering technical assistance in parallel to incentive programs, rather it is a bundled programmatic offering where in the "implementers" bid and are hired to deliver an integrated solution from start to finish.



This direct installation package has multiple equity benefits. It is provided at no-or-low cost and utilizes local trades people at prevailing wages. The model brings the bulk procurement and economies of scale only available to larger entities and confers those savings benefits to the under-resourced communities. The model accelerates adoption in an otherwise hard to reach segment of the market, driving market transformation and supporting the State's aggressive timelines for the low carbon transition.

Simply put, without program solutions such as direct installation, incentives will continue to confer inequitably to the large well-resourced entities stranding the GHG reduction potential that lies within under-resourced communities and exacerbating existing inequalities.

Not only does direct installation bring equity benefits to *designated* disadvantaged and income-qualified communities, it can also assure the more equitable distribution of program benefits to parts of our society that pay into these programs through taxes or utility surcharges but have not benefited proportionally because current deployment methods used do not work for that participant type. An example is unproportional benefit to market rate multifamily housing of EV charging program dollars.

One potential approach to assure that the Climate Innovation Program funds are allowed to advance deployment coupled with technolog(ies) is to rule that an "incentive" is defined to encompass both the needed dollars to offset the cost of equipment and installation labor (i.e. hard costs) as well as the cost of participate outreach, marketing, and the technical assistance (together these are the soft costs) required to acquire and move equity participants through the program model. In recent equity-oriented direct installation energy efficiency programs the approximate budget split has been 40% soft cost to 60% hard costs. Examples of high potential use cases of direct installation are:

- HFC reduction/elimination in independent small grocers (in or near edges of food deserts)
- Electrification of small essential equity-serving fleets (e.g. para transit, food banks)
- Combination of renewables, storage and building electrification to achieve resilience and GHG reduction for small essential service entities.

Thank you for this opportunity to provide our perspective to help equitably achieve the State's GHG reduction goals.

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