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PG&E Response to CEC IRA Residential Energy Rebate Programs RFI

Additional submitted attachment is included below.

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California Energy Commission
Docket Number 23-DECARB-01
715 P Street
Sacramento, CA 95814

RE: RFI Inflation Reduction Act Residential Energy Rebate Programs

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to respond to the California Energy Commission's (CEC) Request for Information (RFI) regarding its approach to program design for the federal Inflation Reduction Act (IRA) Home Efficiency Rebates (HOMES) Program.

PG&E applauds the CEC's prioritization of combining funding into a single program delivery to maximize program impact, reduce customer confusion, and ensure that participating customer and contractors have as simple of a process as possible. PG&E's overarching suggestion is for the CEC to consider coordination of programs with the Investor-Owned Utilities' (IOU) and other existing and upcoming program offerings to support electrification. Existing and upcoming IOU programs include but are not limited to: (a) the Tariff On-Bill proposal being submitted to the CPUC in May 2024, and (b) the long-standing Energy Savings Assistance (ESA) program, which introduced electrification measures for income-qualified households in PG&E's service territory in 2023.

PG&E provides, below, additional comments specific to selected questions posed in the RFI, with each answer suggesting approaches for coordination with the above-mentioned existing IOU pro-electrification funding programs:

1a) Share any best practices for braiding federal and state funds for highly effective rebate, incentive, and/or direct install programs aimed at households in disadvantaged communities or meeting low-income guidelines.

Braiding funding is the process of using multiple funding sources to support a single project. While the concept is simple conflicting program rules and the timing of cashflow needs over the life of the installation can pose barriers. PG&E notes that the program should address these issues by ensuring that the customers, (and any subsequent customers on the premise), are supported to ensure that they are able to manage their energy spend over the life of the equipment by ensuring that optimum rate and load management programs are 'braided' into the project.

PG&E highlights that the CPUC's Clean Energy Financing Options (CEFO) rulemaking aims to ensure that financing programs backed by ratepayer funding are targeted to attract investment by third-party partners to increase their efficacy and reach. The Rulemaking is also intended to "provide a venue for proposers to receive comments and consideration from…stakeholders and the public on the implementation of new clean energy financing programs."[1]

The CPUC directed the IOUs and Silicon Valley Clean Energy (SCVE) to create a Working Group and Equity Committee to file a joint Tariff On-Bill (TOB) (Inclusive Utility Investment (IUI)) proposal.[2] The CPUC defined TOB as "a utility investment mechanism that provides upfront capital to pay for energy efficiency and electrification upgrades at a customer's premises and recovers its costs through a fixed tariff-based cost recovery charge on the participating customer's utility bill.[3]" The CPUC pointed to the IUI principles laid out by the United States Environmental Protection Agency (EPA). The EPA highlights that "IUI programs can coordinate available incentives and leverage utility rebates, philanthropic grants, and free offerings…to lower costs and eliminate co-pays."[4]

2.a.iv.a) Leveraging and Stacking: a) CEC has gathered feedback on how electrification incentives could best be leveraged and stacked with existing programs. Are there additional considerations for best leveraging and stacking residential whole house efficiency rebates, like HOMES, with existing programs?

PG&E strongly encourages the CEC to engage the IOUs in leveraging, to the extent possible, existing delivery models, such as the low-income focused ESA Program. The CEC and IRA funding, combined with PG&E's available incentives, would completely offset participant contribution costs and extend the impact of each funding stream. The potential benefits from an IUI investment include the ability to stack and braid incentives which would reduce the cost recovered from CEC and IRA funding, enabling the funding to make a larger impact. Coordination should also help the CEC meet the DOE Program Goals, especially in leveraging the federal funding in demonstrating the value of sustained investments to continue market transformation.

As an example, recent CEC funded research developed a benefit-cost analysis framework for targeted electrification and gas decommissioning. Using this framework, the research analyzed eleven candidate sites in the San Francisco Bay Area and found that the projects would see net benefits from a lifecycle total cost perspective, indicating the importance of a planned approach to electrification on electric and gas customers to enable sustained investments in the residential electrification market.[5]

To enable a program that provides customers with a single application process the CEC could leverage the CPUC's TOB proposal. Doing so could allow PG&E and implementation partners to leverage IUI functionality to mitigate any adverse impacts that federal incentive disbursement timing would have on the customer, contractors, or Community Based Organizations (CBOs) during installation. PG&E believes

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[1] D23-08-026 p. 3

[2] Note that for this RFI response, PG&E uses IUI and TOB interchangeably. PG&E notes that the TOB Working Group is using the terms TOB to describe the functionality and IUI to describe the programs enabled by the TOB functionality.

[3] D.23-08-026: p. 74

[4] Inclusive Utility Investment Programs: Advancing Debt-Free Home Upgrades (energystar.gov)

[5] https://www.ethree.com/a-new-e3-benefit-cost-analysis-of-targeted-electrification-and-gas-decommissioning-shows-potential-for-cost-savings/

such an approach could help make project cash flows predictable, which we have observed as one of the most significant barriers to coordinating and braiding multiple sources of funding.

After installation, the IUI functionality could help ensure that the customer is provided proactive equipment performance and energy management services through the program implementer over the equipment life. Ensuring that that the customers energy load is managed over the life of the project will not only maximize bill savings but could provide options in how any load management incentives are leveraged by the program.

2.a.iv.d) Which existing program quality assurance, quality control, workforce, or other implementation standards or best practices should be taken into consideration or used as a model?

PG&E strongly encourages the CEC to consider leveraging existing IOU programs in deploying either the CEC Equitable Building Decarbonization Direct Install Program, the HOMES program, or both. Among the four California IOUs, the various ESA Programs are positioned to serve over 1.1M income-qualified residential utility customers with energy saving home improvements from 2021 to 2026.[6] PG&E alone is positioned to serve 328,705 [income-qualified] customers in Northern and Central California over that period.[7] Recommendations to enable leveraging of the ESA Program in PG&E's territory are provided below.

The ESA Program utilizes the Federal Poverty Level (FPL) to determine eligibility.[8] The upper limit for ESA eligibility is 250% of FPL. The ESA Program also accepts forms of categorical eligibility.[9] The CEC Equitable Building Decarbonization Direct Install Program Guidelines describe similar income and categorical eligibility. While not entirely aligned, instances where participants meet ESA and CEC eligibility thresholds can enable maximum investment per participant in pursuit of decarbonization.

Co-branding, referral systems, and other types of coordinated marketing efforts, as well as cross-training of CBO partners would build upon existing ESA program brand awareness, trust, and capabilities. Deliberate and complimentary program design which emphasizes coordination between the CEC programs and the IOUs can simplify the process from the participant's perspective. For instance, the installation standards developed and administered by the IOU ESA Programs can be used as a model for installations envisioned under the CEC programs. Aligning on installation standards would simplify the onboarding process for the existing ESA workforce to install measures under the CEC programs, which in turn could simplify the process for the customer by limiting the number of contractors involved in each home upgrade.

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PG&E appreciates this opportunity to comment on this RFI and looks forward to continuing to collaborate with the CEC on solutions to facilitate decarbonization through electrification as part of California's clean energy transition. Please reach out to me if you have any questions.

Sincerely,

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[6] CPUC Decision 21-06-015, Attachment 1, Table 6.
[7] CPUC Decision 21-06-015, Attachment 1, Table 6.
[8] https://www.cpuc.ca.gov/esap/
[9] ESA Statewide Policy and Procedures Manual, Table E-1, available at: https://www.sdge.com/sites/default/files/documents/Statewide%20ESA%20Program%20PP%20Manual_Nov%202022%20Final.pdf

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