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Docket Number:	16-OIR-06
Project Title:	Senate Bill 350 Disadvantaged Community Advisory Group
TN #:	260595
Document Title:	Item 9 - DRAFT DACAG Letter re_ Executive Order N-5-24
Description:	N/A
Filer:	Dorothy Murimi
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	12/11/2024 2:50:52 PM
Docketed Date:	12/11/2024

December 9, 2024

Commissioner Alice Reynolds, President
California Public Utilities Commission
300 Capitol Mall, Suite 500
Sacramento, CA 95814

Commissioner David Hochschild, Chair
California Energy Commission
715 P Street
Sacramento, CA 95814

RE: CA Disadvantaged Communities Advisory Group Comments re: Executive Order on Energy Affordability N-5-24

Dear President Reynolds and Chair Hochschild,

As the State's Disadvantaged Communities Advisory Group (DACAG), we're responsible for advising the California Energy Commission (CEC) and the California Public Utility Commission (CPUC) regarding the development, implementation, and impacts of proposed programs related to clean energy programs and policies. Our purpose is to ensure that disadvantaged communities, including Tribal and rural communities, benefit from proposed clean energy and pollution reduction programs, including ratepayer programs. Executive Order N-5-24 (EO), published on October 30, directs the CEC and requests the CPUC to examine ratepayer programs they oversee and administer, and to report to Governor Newsom by January 1, 2025 on which programs should be modified, eliminated, funded by other means, or maintained in an effort to lower electric rates.

We share the Governor's concerns regarding electric rate affordability and responsible stewardship of ratepayer dollars. However, we're concerned about the possible unintended impacts of this EO on the individuals and communities the DACAG is bound by Charter to prioritize. The EO has the potential to impact programs specifically targeted towards and benefiting disadvantaged and hard-to-reach communities, CPUC environmental and social justice communities, and CEC Justice, Access, Equity, Diversity, & Inclusion (JAEDI) communities, working against both the State's equity and climate goals.

To prevent that from happening, we write to you to respectfully urge:

- **that a process for public feedback and engagement be incorporated into the program analyses conducted pursuant to Governor Newsom's Executive Order N-5-24,**
- **that CPUC and CEC ratepayer programs designed for, targeting, and benefitting disadvantaged communities be prioritized for preservation in recognition of the broad range of both energy and societal benefits they provide, and**

- that the [DACAG Framework](#) be utilized to inform decision-making regarding program efficacy and benefits.

In addition, we offer the following information for your consideration:

- While electric rate affordability is a concern, ratepayer-funded programs are responsible for only a small portion of a customer's monthly utility bill. It may be worthwhile to consider setting a minimum impact threshold for programs under consideration: if a program has minimal bill impact, then eliminating it will similarly have a minimal impact on affordability and should not be considered. Traditional cost-effectiveness calculations often fail to value—and may even disincentivize—meaningful non-energy benefits offered by ratepayer programs, particularly for equity communities, including health, safety, economic development, and workforce development. The impacts of equity-focused programs may be more difficult to quantify or be missing historic data collection, making them more vulnerable to elimination under the Executive Order than mainstream programs.
- Priority or equity communities are often harder to reach, which can increase the cost of program delivery. This can make equity-focused programs vulnerable when evaluated solely on energy benefit:cost, particularly compared to programs that serve mainstream customers, who may not need the same level of program support or incentives.
- Eliminating certain ratepayer programs, such as those that offer energy efficiency benefits, could end up limiting much-needed bill savings for some of the state's most energy cost-burdened customers and simultaneously set California back in achieving its ambitious energy goals.
- Targeting programs that appear to be under-enrolled, without considering the reasons for under-enrollment, risks disincentivizing utilities from trying to increase enrollment by improving access, which may disproportionately impact hard-to-reach priority equity communities. New, equity-focused programs take time to build trust, iterate, and improve customer outreach and access.. Under-enrollment for equity-focused programs should be indicative of the need for improved process and program design, not program elimination.
- More public transparency is needed around the core drivers of rising electricity rates, and actions should be focused on those core drivers that don't come at the cost of California's climate and equity goals, or at the expense of our most vulnerable residents.
- With changes in the federal government, it's likely that outside sources of funding will be less available to support these important programs; California's climate and equity leadership are more important now than ever.

We thank the CEC and CPUC leadership and staff for your shared commitment to the DACAG's equity values and climate priorities, and look forward to continuing to partner with you on strategies to enhance energy affordability for all Californians while serving our state's climate goals and protecting California's most vulnerable communities.

Sincerely,

The Disadvantaged Communities Advisory Group

Cc:

The Honorable Governor Gavin Newsom

The Honorable Senate Speaker Pro Tempore Mike McGuire

The Honorable Assembly Speaker Robert Rivas

Commissioners of the California Public Utilities Commission

Commissioners of the California Energy Commission