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Additional submitted attachment is included below.

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California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Natural Resources Defense Council (NRDC) Comments on the 2018-20 EPIC Application Regarding Lower-income and Disadvantaged Community Elements

NRDC would like to thank the Commission for the opportunity to provide feedback on the 2018-2020 EPIC Application as regards advancing clean energy solutions in lower-income and disadvantaged communities (DACs), as requested at the August 1, 2017 low-income barriers report workshop during the “Adoption of Advanced Technologies in DACs” panel. We offer the following high-level observations and recommendations.

NRDC appreciates the current application’s focus on three dimensions critical to advancing clean energy solutions in low-income and disadvantaged communities:

- The 25% minimum target for commitment of TD&D funding to be located in DACs.
- The use of bonus points or funding reserves to ensure DACs receive localized EPIC projects.
- Theme 8’s specific focus on catalyzing clean energy investment in DACs.

To accomplish these three important objectives, in parallel with the initiatives described for Themes 1-7, we recommend that the CEC commit to the following:

- To develop a specific **LI/DAC deployment road map** towards the goal to effectively deploy clean energy solutions in LI housing and DAC communities. This road map effort ideally should include identification of initiatives or activities that might be better funded or administered outside of EPIC while leveraging much of the preparatory work that can be done through EPIC.
- Identify and **allocate funding** requirements from the three major EPIC fund categories (AR&D, TD&D, and Market Facilitation) to support priority initiatives outlined in the LI/DAC deployment road map.
- Create an **advisory body** (specific to EPIC or possibly a sub-group of the SB 350 DAC Advisory Group) to contribute to both a) LI/DAC road map development and b) monitoring and feedback, and suggestion of next step ideas on the progress of road map activities.

Specific areas of focus to address in the LI/DAC road map development should include:

1. The importance of data & analysis projects to inform policy and planning decisions. Critical work is needed to better characterize the LI/DAC building stock in terms of
 - physical characteristics, vintage, construction type, types of hot water and HVAC systems, and choice of fuels;
 - ownership and resident characteristics (including private vs. public, for-profit vs non-profit, small-sized owners vs. large real estate holdings); and
 - financial responsibility for energy and water costs, (i.e. what utilities are paid by owner vs. occupants) and at what average or range of prices, including numbers of buildings/units where low income occupants pay reduced utility rates. This information is critical to better assess the level of tenant benefits that are likely to accrue from various program offerings and designs.
 - the need for tenant protections to ensure that property improvement projects that include program-funded improvements do not result in long-term tenant relocations or displacements

2. Specifically, the roadmap should do a deep dive on the unmet (energy and GHG and corresponding energy burden) potential, and deployment strategy options, for clean energy solutions in a long-under-served market segment of multi-family buildings. This market segment suffers from neglect in terms of potential solutions and understanding of unique deployment barriers and solutions to overcome them. The segment is complicated by inadequate market analysis and segmentation regarding:
 - greater building configuration complexity (than single-family residences) and smaller roof/volume ratios for on-site solar systems,
 - high occurrence of “split incentives” when occupants are neither building owners nor decision-makers for a “whole building”,
 - decision process characteristics (when there are multiple owners or investors, multiple financial entities providing mortgage support, or unique constraints of mortgage and debt covenants that may inhibit direct investments by owners), and
 - unique “targets of opportunity and timing” for making building improvements.

3. Need for comprehensive identification of essential components of successful programs and sustainable business models (“market facilitation”) serving LI/DACs

4. The need to commit potentially greater efforts to “Market Facilitation and Outreach” funding for communities, in terms of when, to what extent, and for how long extra attention is warranted to stimulate clean energy adoption.

Comments on Selected Themes and Initiatives from the Application

NRDC strongly endorses the following specific objectives, themes, or initiatives currently identified in the 2018-20 EPIC Application:

Theme 1: Advance Technology Solutions for Continued Energy Savings in Buildings and Facilities.

We encourage the EPIC activities to identify specific technology and system solutions applicable to different vintages and construction types of multi-family buildings. Moreover, EPIC could identify the applicable “window of opportunity” or “trigger points” in a multi-family building’s lifetime where such improvements can be made. Finally, there needs to be market understanding of the availability of equipment, technologies, and informed contractors and installers to carry out such deployments, as well as associated training and market development opportunities to address any identified gaps.

Theme 2: Accelerate Widespread Customer Adoption of Distributed Energy Resources.

As documented by the SB 350 Barriers report, LI/DAC communities are interested in accessing the benefits of efficiency, managing power loads, solar energy, storage, and future use of electrified transportation. The combination of lower incomes, non-owner occupants, and/or potentially less profitable markets calls for special attention to deployment not only of combined and integrated DER solutions in LI/DACs communities, but also for single families of these technologies as well. LI/DAC communities need solutions on both individual building, as well as community scales.

NRDC appreciates the attention to developing innovative approaches, standardized and simpler solutions and business models, and the attendant cost reductions. Of high importance for LI/DACs in particular is the need to address:

- Unique and specialized needs for financing or other cost-structuring solutions,
- Workable solutions to address performance and financial risks,
- Uncertainty of realized benefits, as well as valuation of non-energy benefits, and
- Sustainable deployment and business models.

The latter in particular may demand new, innovative solutions for LI/DAC communities and buildings in ways not yet developed by market actors.

Theme 7: Develop Tools and analysis to Inform Energy Policy and Planning Decisions

It is vital to develop market characteristics information (as outlined above) in sufficient detail to use in state energy planning and modeling efforts that better identify clean energy deployment potential and costs, prioritize resource investments both for clean energy and GHG reduction, and compare both investment yields and equity outcomes from choices regarding the degree to which LI/DAC communities are targeted for opportunities.

Theme 8: Catalyze Clean Energy Investment in California's DACs

NRDC appreciates the proposed activities to address data granularity, non-energy or co-benefits, and a renewed focus on actionable strategies for both public policy and private sector decision-making, and testing of deployment modes and best practices. This theme appears to reflect the need to develop metrics for desired outcomes, and in the process, defined characteristics or features of effective solutions. We also support a focus on understanding community receptivity to clean energy technologies and solutions and the identification of market segmentations.

Public Input Process:

We endorse the CEC's general plan to call on:

- informal input via public meetings and workshops,
- stakeholder input on research road maps,
- solicitation of public input on design/development of individual EPIC project opportunity solicitations (this could take advantage of the previously recommended EPIC LI/DAC advisory group), and
- the invitation of community-based input to solicitations that will target demonstration projects in DACs.

Thank you for the opportunity to provide these additional comments on the EPIC implementation plan.

Sincerely,
/s/ Maria Stamas

Maria Stamas, Attorney
Natural Resources Defense Council
111 Sutter Street
San Francisco, CA

Telephone: (415) 875-6100
E-mail: mstamas@nrdc.org