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PROPOSED DISADVANTAGED COMMUNITIES ADVISORY GROUP COMMENT

November 30, 2018

RE: Proposed Decision and Assigned Commissioner’s Straw Proposal in CPUC Rulemaking 15-03-010, Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley and Analyze Economically Feasible Options to Increase Access to Affordable Energy in those Disadvantaged Communities.

To the California Public Utilities and Energy Commissions,

The Disadvantaged Communities Advisory Group (“Advisory Group”) submits the following comment supporting adoption of elements of the Administrative Law Judges’ (“ALJ”) Proposed Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects and the Assigned Commissioner’s Ruling Proposing Phase II Pilot Projects in Twelve Communities in the San Joaquin Valley in the above referenced proceeding.

The purpose of the Advisory Group pursuant to Pub. Util. Code § 400(g), is to advise the California Public Utilities Commission (CPUC) and the California Energy Commission (Energy Commission) regarding the development, implementation, and impacts of proposed programs related to the Clean Energy and Pollution Reduction Act of 2015 (also known as Senate Bill 350) in disadvantaged communities. In consideration of future programs, the Advisory Group may at times, also need to consider existing programs. On October 30, 2018, the Advisory Group discussed prioritizing certain CPUC proceedings that fall under this mandate, including the above referenced proceeding.

On October 3, 2018, the proceeding’s Assigned Commissioner set out a straw proposal for Pilot Projects in eleven of the disadvantaged communities identified in Phase I of the proceeding, consistent with Assembly Bill (“AB”) 2672, codified as Public Utilities Code Section 788.5. Thereafter, on November 9, 2018, the ALJs issued a Proposed Decision (“PD”) also approving Pilot Projects in the same eleven communities. Pilot Projects include electrification and natural gas line extension pilots.

The Advisory Group supports the following elements of both the PD and the Straw Proposal. Each of these elements echo recommendations from the Senate Bill 350 Low-Income Barriers Study, Part A, adopted on December 14, 2016.

- Deployment of Robust Pilot Projects in Each Identified Pilot Community

The Barriers Study recommends deployment of pilot projects to address structural, policy and program barriers limiting access to clean energy for low-income customers and local small business challenges and opportunities in DACs.

AB 2672 requires an analysis of the economic feasibility of extending natural gas pipelines, increasing subsidies for electricity for residential customers, or other alternatives to increase access to affordable energy in DACs in the San Joaquin Valley that lack access to natural gas lines. Given the widespread structural, policy and program barriers facing residents of DACs in the San Joaquin Valley, it makes sense to follow the Barriers Study recommendation and deploy a pilot project in each of the proceeding-identified pilot communities. In addition, the Barriers Study recommends pilot programs that address *entire* neighborhoods in DACs.

- Deploy Pilot Projects that Take a Community-Wide Approach

The legislation authorizing affordable energy projects and the SB 350 barriers report recognize longtime underinvestment in and neglect of disadvantaged communities and the need to address energy disparities to support community-wide benefits and sustainability. It is critical, therefore that, pilot projects provide significant benefits to the pilot communities at large to further economic, energy, and environmental justice in communities that have historically been left behind.

- Leveraging and Exploring Existing Programs

The Barriers Study recommends that structural maintenance be conducted in conjunction with energy upgrade programs, and that local housing rehabilitation efforts in low-income and DACs be coordinated with energy upgrade programs. In addition, the Barriers Study recommends improving opportunities for energy efficiency, renewable energy, demand response and energy storage.

The Assigned Commissioner's Straw Proposal and the PD seek to leverage existing programs, such as ESA, Medical Baseline, Green Tariff Shared Renewables and Community Solar, and the Self-Generation Incentive Program. Proposals include limited exemptions to current program requirements that will follow Barriers Study recommendations and streamline structural efforts and energy upgrades. In particular, both the Straw Proposal and PD would authorize DAC-Green Tariff and DAC-Community Solar Pilot Projects, which is important given the relative failure of the Enhanced Community Renewables program. However, due to the uncertainty over the practical application of these programs, and the need to adequately understand any "rebound" effect, the Advisory Group recommends adoption of the Assigned Commissioner's proposed additional 20% bill discount for pilot community residents who participate in all-electrification.

- Leveraging Community Based Organizations ("CBOs")

The Barriers Study recommends partnership with CBOs, who are "ideal partners in sharing program information with local residents, as well as training the local workforce." The Barriers Study also finds that partnering with CBOs leverages "community trust" in programs or policies and that CBOs are dedicated to developing the skills necessary to ensure economic progress within their communities.

The proceeding's engagement of CBOs has resulted in significant participation in the proceeding by affected DAC residents. This practice of engaging and leveraging CBOs' institutional

knowledge and relationships should be modeled in other programs and proceedings at the CPUC and Energy Commission. In particular, both the Straw Proposal and PD would authorize a “Community Energy Navigator” to assist in the implementation of pilot projects and adequate participating resident subscription in applicable programs.

Finally, authorization of these elements will establish precedent and a real-time study for the Energy Commission and CPUC to move forward in overcoming other structural, policy and program barriers outlined in the Barriers Study. The Advisory Group respectfully requests that the CPUC approve at least the above elements in a final decision in Rulemaking 15-03-010 authorizing Pilot Projects.