

**DOCKETED**

<b>Docket Number:</b>	21-IEPR-06
<b>Project Title:</b>	Building Decarbonization and Energy Efficiency
<b>TN #:</b>	238796
<b>Document Title:</b>	Presentation - Financing Decarbonization in low income communities
<b>Description:</b>	S2.5B_Diane Schrader_thirdACT
<b>Filer:</b>	Raquel Kravitz
<b>Organization:</b>	ThirdACT
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	7/11/2021 10:34:37 PM
<b>Docketed Date:</b>	7/11/2021

thirdACT

# Financing Decarbonization In low income communities

*Diane Schrader*

*CEO & Founder, thirdACT PBC*

*July 12, 2021*

# A bit about us..

*At the intersection of real estate and  
institutional climate finance*

*Founded in 2015 as  
a Public Benefit Corporation*

*“We drive resiliency in communities  
through better buildings”*

thirdACT

# What we believe

## ***#Fair by design.***

*If we are to meet our 2030 goals, we have no time for another study. Our approach is practical. We do and learn.*

*Always think at scale.*

# The Opportunity

Not everyone has been invited to California's clean energy revolution.

## Los Angeles Times

CLIMATE & ENVIRONMENT

### California's clean energy programs are mainly benefiting the rich, study finds

By SAMMY ROTH | STAFF WRITER

JUNE 25, 2020 | 6 AM



One lesson from the ongoing uprising against anti-Black racism is that the United States has made far too little progress against rampant inequality. The police killing of George Floyd has brought new attention to the fact that Black Americans [breathe dirtier air](#), are more likely [to be homeless](#) and are far more likely to be [killed by police](#), among many consequences of systemic racism.

A [new study](#) from a team of UCLA researchers illuminates a different — but related — manifestation of inequality.

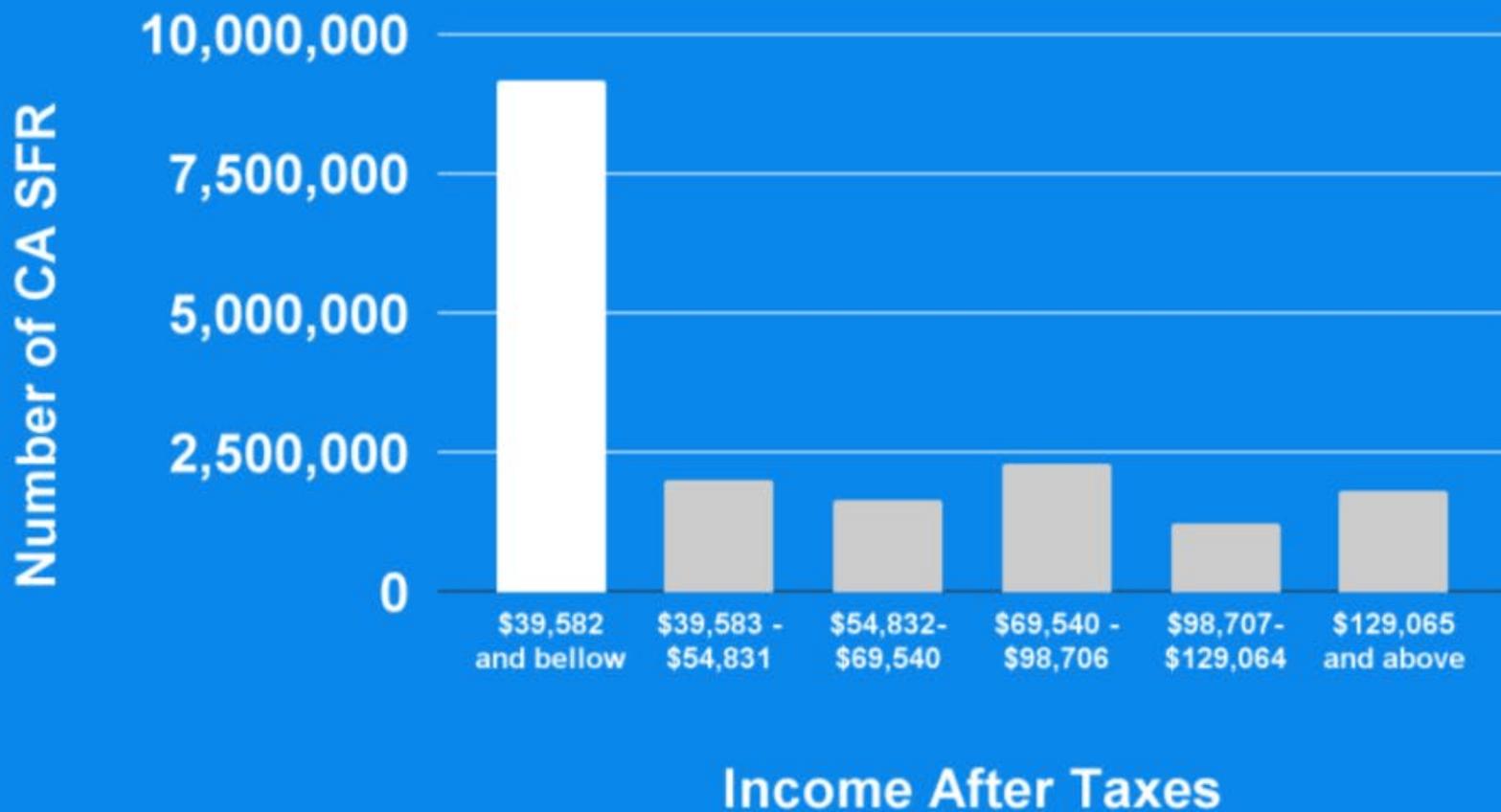
Led by Eric Fournier, research director at UCLA's California Center for Sustainable Communities, the team analyzed energy use data for every ZIP Code in Los Angeles County, home to more than 10 million people. They found that people living in areas more likely to be "disadvantaged communities" — defined by state officials as having high levels of unemployment, poverty, pollution and/or health conditions such as heart disease and asthma — use half as much energy, on average, as people in wealthier areas.

A photograph of a woman and a young boy sitting at a dining table. The woman is leaning over the table, and the boy is looking at a plate of food. There are plates of food, a vase with flowers, and a glass of juice on the table. The entire image is overlaid with a semi-transparent blue filter.

**Does decarbonization of low income communities matter?**

thirdACT

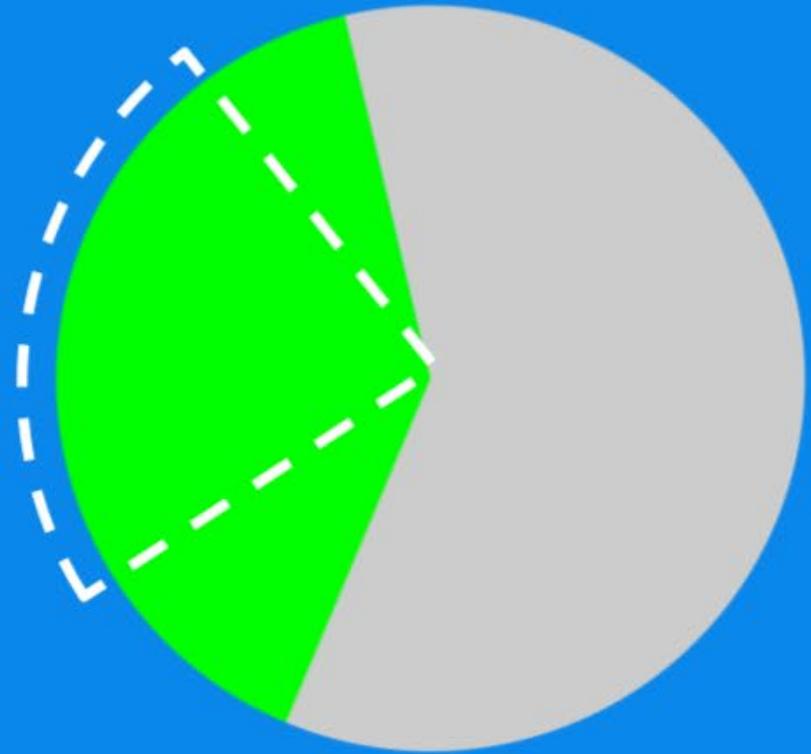
# homeowner economics: **32% live on income under \$40,000**



## vintages of homes

40% of California homes were built before there were energy standards in the building code.

*100% of the low income communities we target were built before then.*



## we take a systematic view

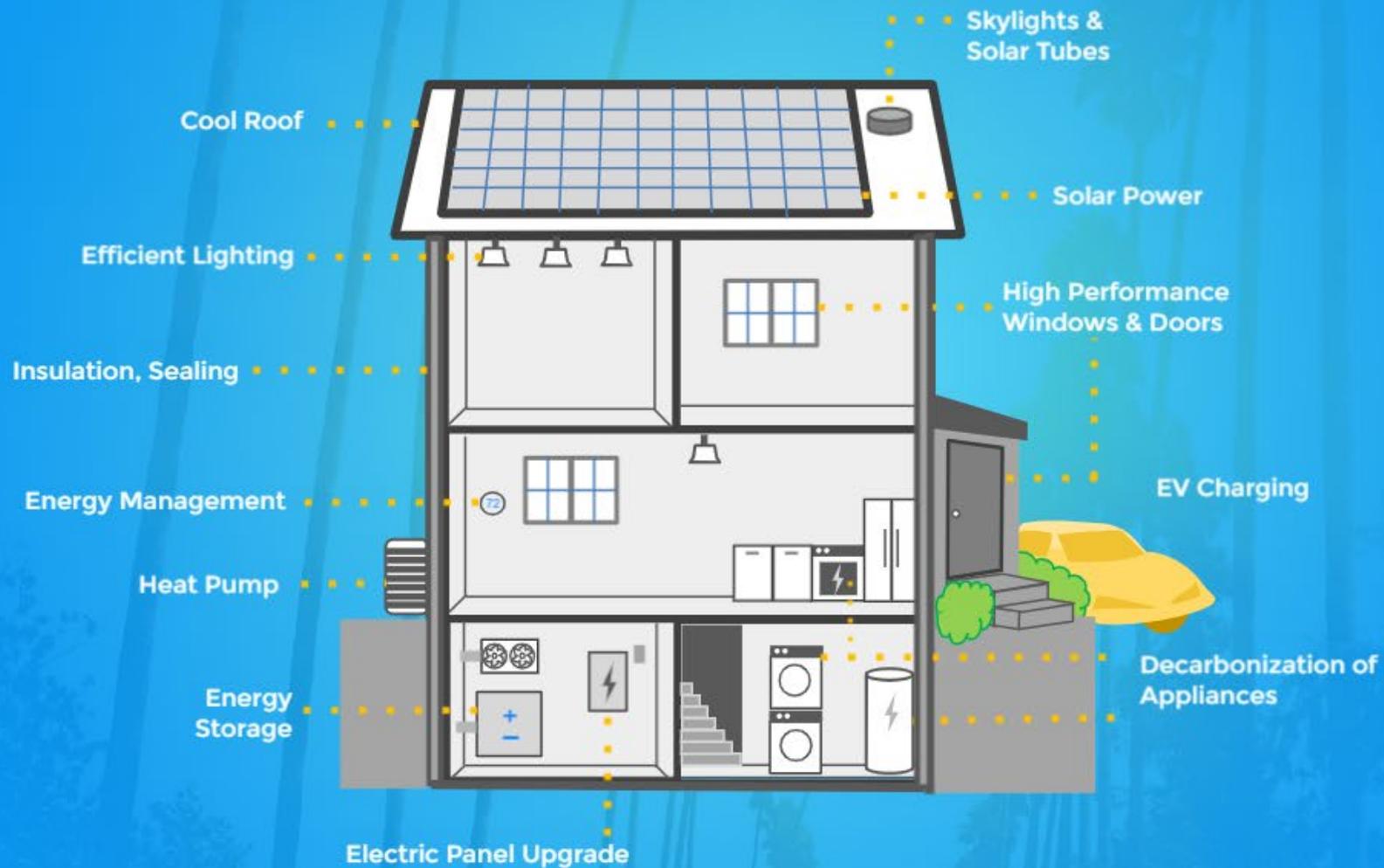
1. *It's not just the question electrifying appliances. It's how will those appliances perform in the context of the home.*
2. *Getting to scale requires creative financing.*
3. *Then, the question is, at scale, how will the electrification of these homes impact the grid, cities, and the state at large?*

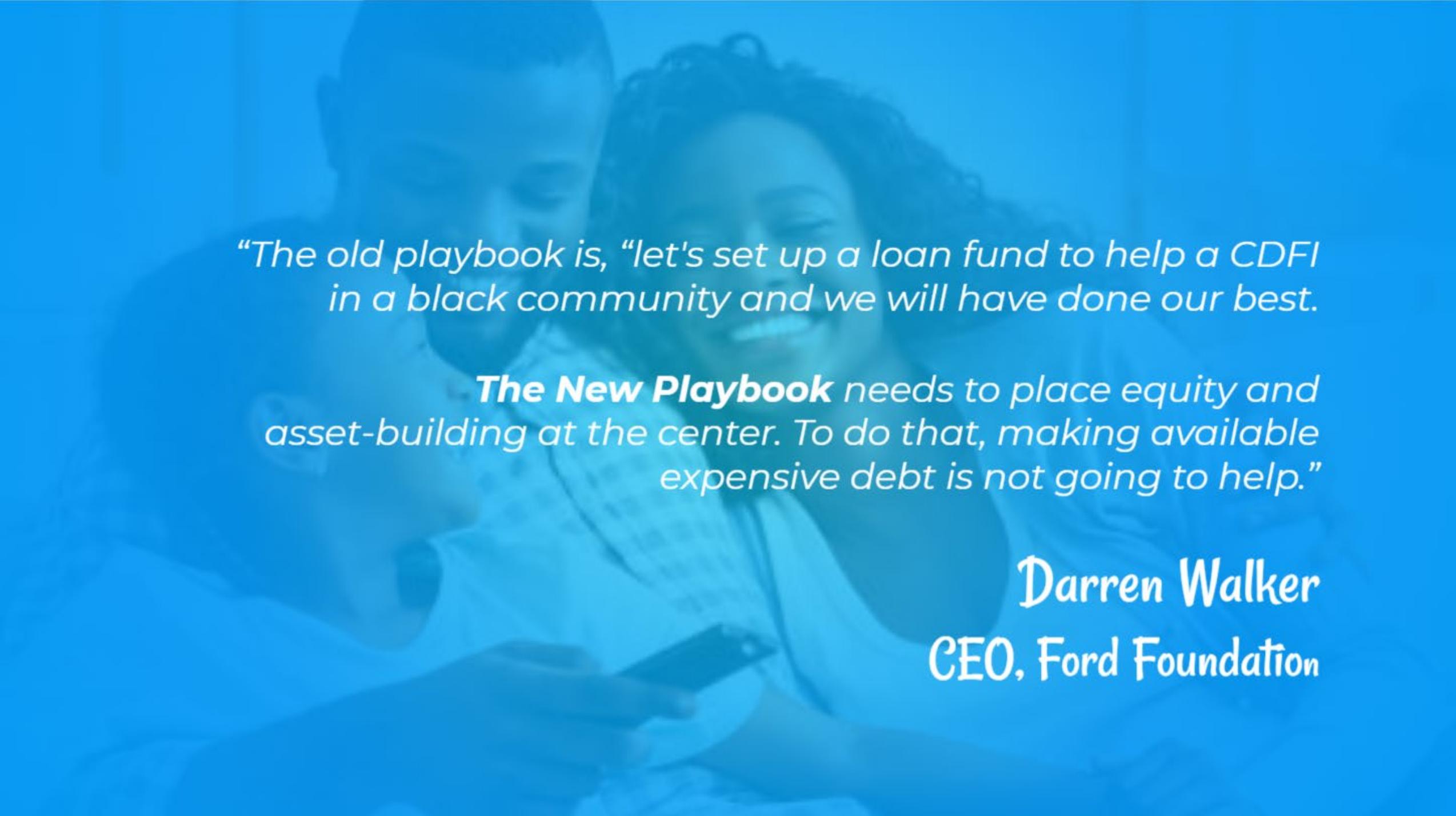
thirdACT **removes barriers** to clean energy in underserved neighborhoods...



... and rather than take small steps,  
**we boldly take them all the way to net-zero energy.**

# Our whole house approach



A man and a woman are shown from the chest up, looking at a smartphone held by the man. They are both smiling and appear to be in a collaborative or educational setting. The background is a solid blue color.

*“The old playbook is, “let's set up a loan fund to help a CDFI in a black community and we will have done our best.*

***The New Playbook** needs to place equity and asset-building at the center. To do that, making available expensive debt is not going to help.”*

**Darren Walker**  
CEO, Ford Foundation

# thirdACT's approach

*We work at the community level*

*We finance and implement all improvements*

*Homeowners accrue all benefits (energy savings, utility rebates, tax incentives)*

*Repayment upon property sale*

*Financing becomes a grant for those who stay in their homes full term*

# minimal grid impact

*Natural gas consumption at the home level is shifted to electricity.*

*We solve for that by providing on-site renewables plus storage that reduce the impact on the grid.*

# grid benefits at scale

*Grid can rely less on peaker plants*

*System can be leveraged for demand response, virtual power plants, and microgrids*

*Supports nat gas decommissioning efforts*

## grid conundrum

*Future reliance on the grid?*

*What are the utility and greater public costs of branching of natural gas systems as a function of decommissioning?*

*Regulatory requirements to provide natural gas?*



THE COSTS OF BUILDING DECARBONIZATION  
POLICY PROPOSALS FOR CALIFORNIA NATURAL  
GAS RATEPAYERS: IDENTIFYING COST-EFFECTIVE  
PATHS TO A ZERO CARBON BUILDING FLEET

Alison Ong, Michael Mastrandrea, and Michael Wira | June 2021



**Table 1.** A description of each scenario, the percentage increase in average residential rate relative to the Reference Case in 2035, and the percentage decrease in annual emissions relative to the Reference Case in 2035.

Scenario Name	Policy Description	Rate Increase (%)	Emissions Decrease (%)
Reference	No specific additional policy is undertaken to reduce natural gas usage or emissions.		
Title 24	Electrification incentives curb consumption from 2023-2026, a statewide moratorium on natural gas hookups in all new construction takes effect from 2026 onwards.	11%	15%
RNG	The concentration of Renewable Natural Gas is increased by 2% per year beginning in 2021, reaching 20% RNG by 2030.	37%	30%
Appliance Ban	Beginning in 2026, the sale of new gas-fueled appliances is prohibited, resulting in phase-in of electric equivalents.	56%	51%
Branch Pruning	From 2023 onwards, strategic retirements of distribution infrastructure assets begin alongside targeted electrification.	12%	32%

Change is slow, *until it's not.*

thirdACT

*I thank you for including me today.*

thirdACT

mandatory reading: paper

*THE COSTS OF BUILDING DECARBONIZATION  
POLICY PROPOSALS FOR CALIFORNIA  
NATURAL GAS RATEPAYERS: IDENTIFYING  
COST-EFFECTIVE PATHS TO A ZERO CARBON  
BUILDING FLEET*

*Alison Ong, Michael Mastrandrea, and Michael Wara | June 2021 | Stanford Woods, Institute for the Environment*

*recommended reading: articles*

California's clean energy programs mainly benefit the rich

Here's how much it would cost to move every home in the U.S. to zero-carbon energy

The carbon footprint of household energy use in the United States