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ITEM 4

Summary of Energy Efficiency Business Plan Application Equity Segment

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Presented to Disadvantaged Communities Advisory Group
July 15, 2022



California Public
Utilities Commission

Agenda

- Overview of Energy Efficiency Proceeding
- Background on Equity Segment in EE Proceeding
- Summary of Equity Segment in Applications
- Tracking Progress of Program Administrators with Indicators and Metrics
- Party Comments on Equity Segments
- Next Steps

Overview of EE Business Plan Application Proceeding (A.22-02-005 assigned to Commissioner Shiroma)

- CPUC Decision 21-05-031 directed Program Administrators (PAs) to submit Business Plan applications for Energy Efficiency (EE) program budgets and designs for 2024-2031
- Several big changes in these applications from how EE portfolio was previously being run
 - Dividing portfolio in three segments: Resource Acquisition, Market Support and Equity
 - Requiring cost-effectiveness thresholds only for Resource Acquisition segment over a four-year period
 - Shifting from energy savings goals to Total System Benefits (i.e. the monetary value of energy efficiency savings, specifically benefits from lifecycle energy savings, reduced capacity, and greenhouse gas emissions)

Timeline of EE Business Plan Application Proceeding

May 2021:
D.21-05-031
set new
framework
for EE
Portfolio
Applications

May 2022:
Pre-hearing
Conference
for
proceeding

Dec 2022:
Potential
Interim
Decision

**February
2022:** Nine
PAs submit
Business Plan
Applications

Fall 2022:
Stakeholder
Testimony/
Rebuttal
Testimony

Q3 2023:
Proposed
Decision

Background on Equity Segment

- Purpose of Equity Segment:
 - Programs with a primary purpose of **providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities** in advancement of the Commission's Environmental and Social Justice (ESJ) Action Plan;
 - Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.
- Rules for Equity Segment:
 - Equity category is **distinct from income-qualified** Energy Savings Assistance (ESA) programs
 - **Budget cap of 30%** (Market Support + Equity segment combined budgets)
 - **No cost-effectiveness threshold** required for Equity or Market Support segments
 - Applications required to **propose metrics for tracking Equity Segment** (as informed by CAEECC Working Group)

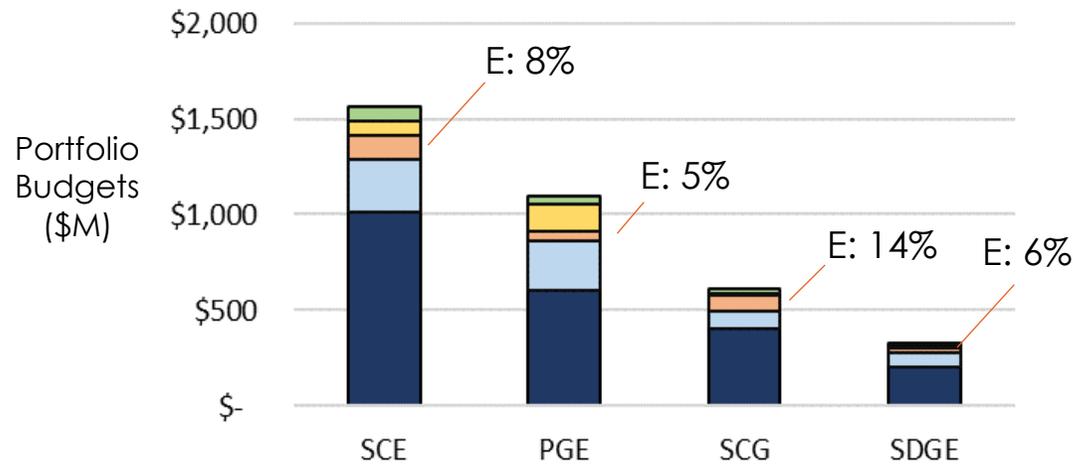
Background on Equity Segment Target Groups

- **Hard-to-Reach (HTR)** customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a language, income, housing type, geographic, or home ownership/split incentives barrier. (See. D.18-05-041 for official HTR definition and criteria)
- **Disadvantaged Communities (DAC)** as defined by CalEnviroScreen
- **Underserved Communities**, which has not been explicitly defined by the Commission, but may include ESJ communities, as set forth in its ESJ Action Plan.

Total EE Portfolio Budgets by PA and Segments

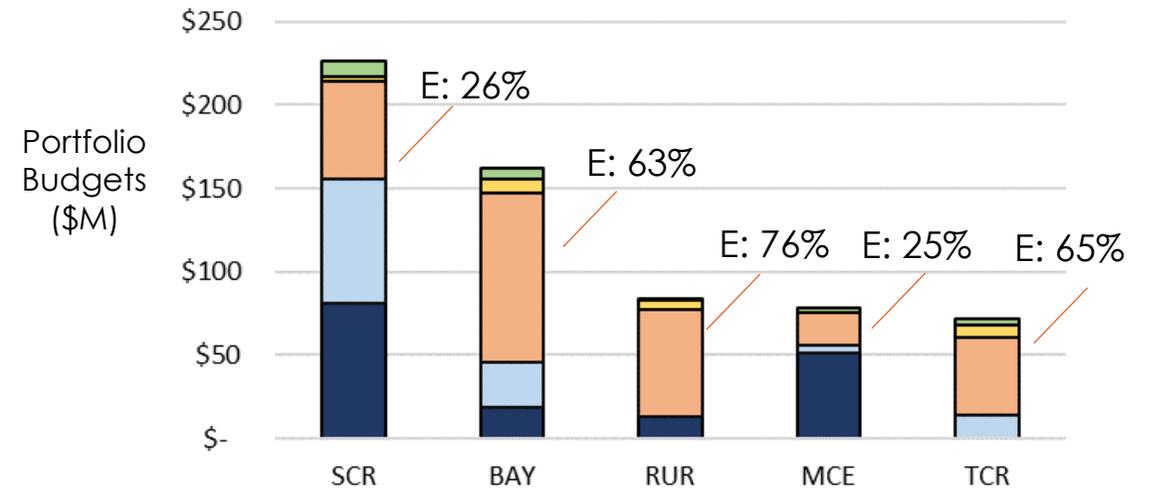
Resource Acquisition
 Market Support
 Equity
 Codes & Standards
 EM&V

2024-27 Budget by IOU



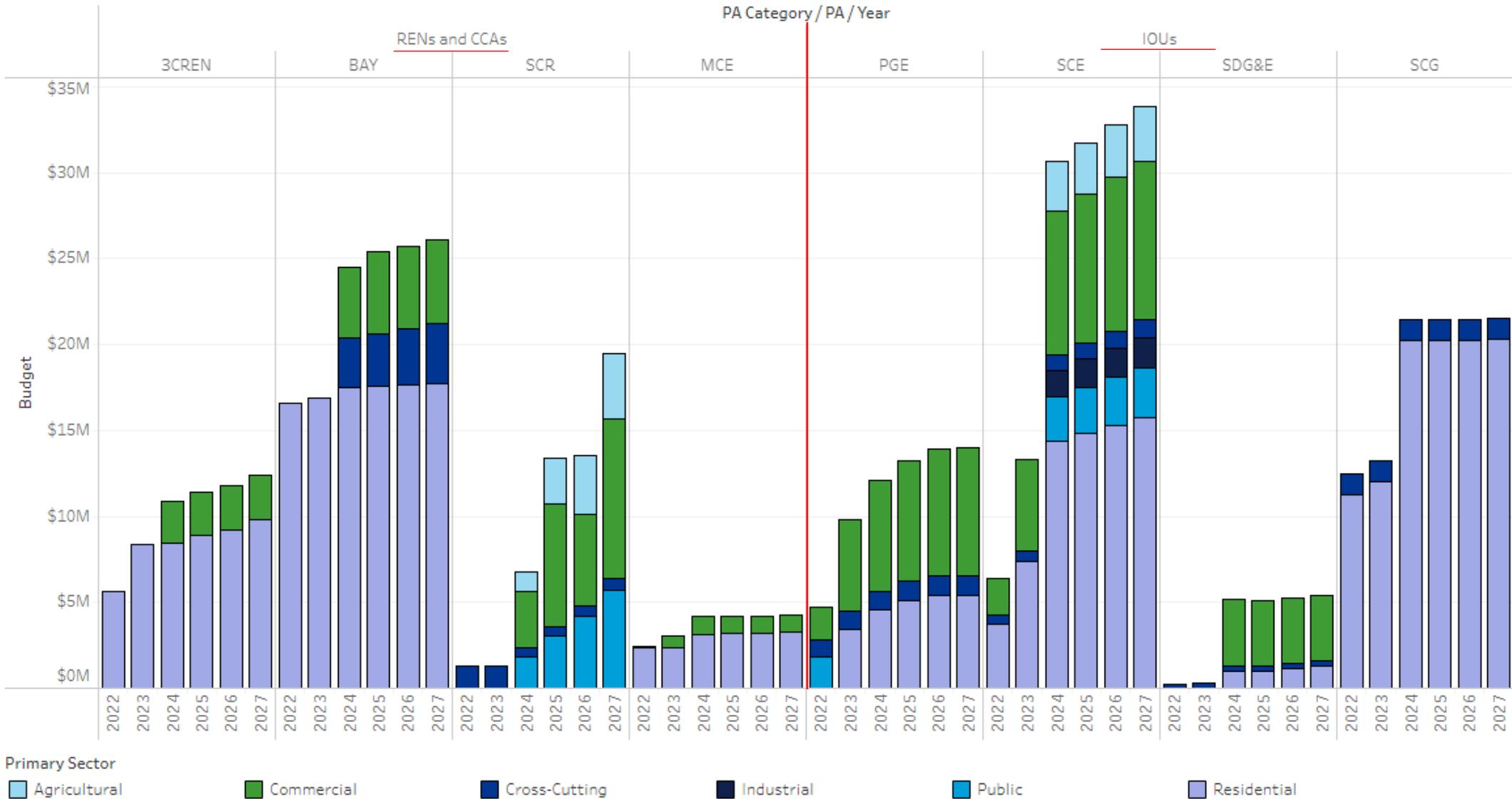
PA	2024-27 Equity Budget
SCE	\$129M
PGE	\$53M
SCG	\$86M
SDG&E	\$21M
Grand Total	\$289M

2024-27 Budget By CCAs and RENs



PA	2024-27 Equity Budget
SCR	\$53M
BAY	\$102M
RUR	\$64M
MCE	\$17M
3CREN	\$46M
Grand Total	\$282M

Equity segment budgets by PA and sector



Examples of Equity Segment Programs

- **SoCalGas Residential:** Comprehensive Mobile Home Program - Provide energy efficiency solutions to HTR, DAC and underserved customers through direct install measures and co-pay opportunities for deeper savings measures.
- **BayREN Commercial:** BayREN Refrigerant Replacement program (BRRR) will preform refrigerant changeouts, specifically targeting micro and small businesses that are not typically eligible for EE measures and have historically low participation rates in EE programs.
- **SoCalREN Public:** Rural-HTR Public Agency Direct Install Program, services to develop Energy Resiliency Action Plans for communities for immediate and long-term energy planning and action, funding for targeted Regional Partner Initiatives, and Strategic Energy Management (SEM) services for both Water & Wastewater facilities and Underserved Schools
- **PG&E Workforce Education and Training (WE&T):** Career & Workforce Readiness (CWR) program helps ensure a skilled and knowledgeable workforce is available to implement EE projects. The CWR program focuses on providing WE&T services and job placement for disadvantaged workers to help expand the diversity of the workforce available for energy efficiency

Tracking Progress

Metrics and Indicators

Background on Metrics/Indicators

- California Energy Efficiency Coordinating Committee ([CAEECC](#)) Working Group discussed metrics vs indicators
- Difference between Metrics vs Indicators
- Hard to create for this new segment

Options for PAs to develop Equity Segment metrics from CAEECC Working Group

- **Metrics Option 1:** PAs will set targets for Equity segment metrics following the collection of two years of data (or once a baseline has been set using reasonable proxy data).
- **Metrics Option 2:** PAs will propose targets in their budget applications and/or set a date certain by which they will propose targets for all Equity segment metrics.



Options selected by each PA application filings

Option 1	Option 2	Mixed/Unclear
PG&E	SCE	BayREN
SoCalGas		RuralREN
SDG&E		
MCE		
SoCalREN		
3CREN		

PA Proposed Equity Metrics

- Total # residential (SF or MF unit) equity-targeted households (HHs) served by the Equity programs
- Total # MF equity-targeted buildings served by the Equity programs
- Total # Ag or Ind. equity-targeted customers served by the Equity programs
- Total # equity-targeted public facilities and equipment or community projects served by the Equity programs
- Total # small and medium business (SMB) equity-targeted participants served by the Equity programs
- Total # of companies/non-profits served by the Equity Segment programs
- Total # of contractors/workers served by Equity Segment Programs
- Expected first-year bill savings in total \$ for equity-targeted program participants

PA Proposed Equity Indicators

- GHG reductions (tons)
- Total kWh savings
- Total kW savings
- Total Therm savings
- Energy and climate benefits (monetized within TSB)
- Health – “non-energy benefits” in “counts of participants receiving this benefit” until we can monetize. Reporting at least one of: Indoor air quality, Outdoor air quality (e.g., reduction in emissions from gas combustion appliances that vent to nearby outdoor air), Reduction in interior contaminants/biologics, other
- Comfort - “non-energy benefits” in “counts of participants receiving this benefit” until we can monetize. Reporting at least one of: reduced drafts, quieter interior, managed interior temp, other
- Safety -“non-energy benefits” in “counts of participants receiving this benefit” until we can monetize. Reporting at least one of: improved safety of appliances, other
- Economic or other “non-energy benefits” (as proposed by the PAs or program) in dollars or “counts of participants receiving this benefit” until we can monetize

Party Comments on Equity Segment in Applications

- Party comments on lack of detail about who would be targeted for these programs, and how they would be prioritized.
- Expand the current definition of “Hard to Reach” to include public sector facilities
- Commission should reject gas appliance incentives offered to hard-to-reach or underserved customers and disadvantaged communities as part of the equity segment as they are not aligned with the Commission’s equity goals
- Use Non-Energy Benefits as an indicator for all EE Programs

Questions for DACAG to Consider

- Whether the proposed metrics for Equity segment will sufficiently track progress for/among targeted populations
- Whether the PAs are requesting and/or allocating sufficient resources to meet the needs of targeted populations
- Whether there is adequate detail within proposals regarding serving targeted populations
- Questions/Areas on which ED or others should focus their analysis

Possible next steps for DACAG comments

- Any DACAG comments and/or questions on the Equity Segment or the proceeding in general, if submitted by September 1, 2022, could also influence/inform stakeholder testimony.

Questions?



For more information:

Ely.Jacobsohn@cpuc.ca.gov



Appendix



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Proposed Metrics Approach

PAs	Option 1 vs Option 2
PG&E	Option 1 – Targets will be set by the PAs for segment metrics following the collection of the first two program years of data (or 10 a baseline has been set using reasonable proxy data).
SCE	Option 2- quantitative metrics proposed in application per CAEECC WG Equity propose metrics
SoCalGas	Option 1- tracking metrics in Program Year 2022 and 2023 and will establish targets for the 2024-2027 program cycle in the true-up advice letter due on September 1, 2023.
SDG&E	Likely Option 1 but not explicitly stated. However, no quantitative metrics provided in apps.
MCE	Option 1: PAs will set targets for Equity segment metrics following the collection of two years of data
SoCalREN	Option 1: SoCalREN is supporting “option 1” where targets will be set by the PAs for segment metrics following the collection of the first two program years of data, starting in 2022
3CREN	Option 1: targets will be set following the collection of the first two program years of data (or after a baseline has been set using reasonable proxy data).
BayREN	Unclear: Does not explicitly selection option, but no quantitative values in application metrics. Agrees to most CAEECC WG proposed metrics, and proposed nine additional metrics of their own
RuralREN	Mix: uses existing metrics, CAEECC metrics and their own created ones. Some metrics currently filled out with quantitative target, others are TBD. Their own metrics (Energy and climate benefits (monetized within TSB)) has a dollar value target already proposed.

Defining "underserved" populations

- Option 1 allows PAs to use the Commission's definition of ESJ communities, as set forth in its ESJ Action Plan.
- Option 2 allows PAs to begin with the ESJ Communities definition and also propose additional categories of underserved customers, along with an accompanying rationale supporting the addition.
- Option 3 allows PAs to define for themselves what "underserved" will mean in the context of their Equity segment programs.

Defining "underserved" populations

PAs	Option 1 vs Option 2 vs Option 3
PG&E	Not explicitly defined nor an option selected
SCE	Not explicitly defined nor an option selected
SoCalGas	Not explicitly defined but uses examples: Underserved customers (i.e., HTR, DAC, low credit score)
SDG&E	No clear definition, however does use examples of "underserved" (such as commercial customers that have, Lack of capital, Lack of information, Lack of awareness, Lack of technical expertise)
MCE	Option 2: begin with the ESJ Communities definition and also propose additional categories of underserved customers, along with an accompanying rationale supporting the addition.
SoCalREN	Not explicitly, but does have examples: "underserved segments (i.e., small commercial, rural, etc)."; "Supports HTR or underserved (DAC, rural, and low-income) public agencies"
3CREN	Not explicitly, but somewhat: In addition to HTR and DAC, 3C-REN's portfolio prioritizes other vulnerable communities including but not limited to rural, hard-to-count, underserved, ESJ communities, disadvantaged workers, socially disadvantaged farmers, and the public sector entities serving these customers.
BayREN	Somewhat defines: underserved households such as low-to-moderate income households (who lack capital), renters (who lack opportunities due to split4 incentive barriers), and households and contractors in which English is not the primary language spoken (e.g. there is a lack of information and trusted channels)
RuralREN	Option 1: uses definition set out by ESJ Action Plan

Evaluation Measurement and Verification (EM&V) of Equity Segment Programs

- EM&V budgets in applications cover entire portfolio, not just Equity Segment. However, different PAs identify EM&V specifically for Equity.
- For example:
 - **SCE** will work with Program implementers to develop specific EM&V plans corresponding to objectives of the Equity programs proposed and developed.
 - **SoCalREN** is planning an evaluation for their Commercial and Public sector direct install programs (equity segment) to ensure goals are clear, logic is plausible, and program is collecting data needed to demonstrate success