DOCKETED	
Docket Number:	22-DECARB-03
Project Title:	Equitable Building Decarbonization Program
TN #:	248471
Document Title:	Natural Resources Defense Council (NRDC) Comments - Joint Parties Comment Letter on the CEC Dec 13, 2022 EBD Program Workshop
Description:	N/A
Filer:	System
Organization:	Natural Resources Defense Council (NRDC)
Submitter Role:	Public
Submission Date:	1/20/2023 2:29:13 PM
Docketed Date:	1/20/2023

Comment Received From: Natural Resources Defense Council (NRDC)
Submitted On: 1/20/2023
Docket Number: 22-DECARB-03

Joint Parties Comment Letter on the CEC Dec 13, 2022 EBD Program Workshop

Submitted on behalf of: Building Decarbonization Coalition, Building Electrification Institute, California Environmental Justice Alliance, Natural Resources Defense Council, Leadership Counsel for Justice and Accountability, Physicians for Social Responsibility San Francisco Bay Chapter, Physicians for Social Responsibility Los Angeles, PODER, Rising Sun Center for Opportunity, RMI, and Strategic Actions for a Just Economy (collectively, the â€œJoint Partiesâ€).

Additional submitted attachment is included below.

Comments of the Building Decarbonization Coalition, Building Electrification Institute, California Environmental Justice Alliance, Natural Resources Defense Council, Leadership Council for Justice and Accountability, Physicians for Social Responsability San Francisco Bay Chapter, Physicians for Social Responsability Los Angeles, PODER, Rising Sun Center for Opportunity, RMI, and Strategic Actions for a Just Economy on the Request for Information Regarding the Equitable Building Decarbonization Program

Docket Number 22-DECARB-03

The undersigned organizations wish to acknowledge another comment letter submitted to the CEC led by the California Energy Effiancy For All (CA EEFA). The two letters were developed in different spaces, but are aligned on many recommendations to the CEC and share similar signatories. We encourage the CEC to see these letters as complementary and reinforcing of the idea that the Equitable Building Decarbonization program should center low-income households in its development and implementation.

Submitted: January 20, 2023

On behalf of Building Decarbonization Coalition, Building Electrification Institute, California Environmental Justice Alliance, Natural Resources Defense Council, Leadership Counsel for Justice and Accountability, Physicians for Social Responsibility San Francisco Bay Chapter, Physicians for Social Responsibility Los Angeles, PODER, Rising Sun Center for Opportunity, RMI, and Strategic Actions for a Just Economy (collectively, the "Joint Parties"), we respectfully submit the following comments on the Request for Information (RFI) regarding the Equitable Building Decarbonization Program following the California Energy Commission's (CEC) Scoping Workshop on December 13, 2022.

I. Summary

The Joint Parties appreciate the opportunity to comment on the design of the CEC's direct install (DI) and incentives programs. The Equitable Building Decarbonization funding is critical to advancing California's building electrification (BE) targets in a manner that prioritizes and uplifts environmental justice and historically divested communities. To maximize the impact of the funding opportunity, the CEC should direct the FY 23/24 incentives budget to existing incentives programs while taking the time to work with community partners and other stakeholders to develop and launch a robust DI program and a FY 24-26 incentives program that streamlines with anticipated federal funding.

The CEC should adopt the following general principles and program-specific recommendations:

- **General Principles**
  - Meaningful community and CBO participation and engagement throughout program design and implementation
  - Robust tenant protections and anti-displacement measures
  - Workforce standards that support high-quality careers and local economic development
  - Support holistic home upgrades by leveraging existing health and energy programs where available, while not limiting programs to only communities with existing programs
  - Ensure existing and future programs are accessible to communities who need them the most
  - Prioritize households that currently lack or would particularly benefit from electrification programs, including renters and residents of manufactured housing (including mobile homes with and without a foundation), and shelters that house people experiencing homelessness
- **Direct Install Program**
  - Allow time to set up the DI program to ensure adequate feedback from CBOs
  - Do not prescribe cost caps in the program guidelines
  - Consider options for working with the CPUC to develop bill protections for participants
  - Ensure automatic eligibility for residents participating in other low-income programs including but not limited to CARE and/or LIWP applicants to reduce administrative and participation burden
  - Allow a portion of the DI program funding to demonstrate an ability to scale and serve multiple regions, as well as the capacity to continue providing holistic home upgrades throughout multiple regions beyond the subsidy period

- **Incentives Program**

- Further heat pump market development by directing FY 22/23 incentive funds to the Multifamily Low-Income Weatherization Program ("LIWP MF Program") or the TECH Program, rather than creating a new program.
- Streamline future year (FY 24-26) funding with the Inflation Reduction Act's (IRA) HOMES and HEEHRA Programs, and with the new CEC Direct Install Program[1] by providing guidance on layering incentives and prioritizing electrification especially to enable access to cooling.

The following sections expound on the recommendations listed above (Section II) and respond to the CEC's Request for Information (Section III).

II. Comments

The CEC should adopt the following general principles and program-specific recommendations for the DI Program and the Incentive Program.

a. General Principles

i. Meaningful CBO Engagement

The CEC should directly engage with local community-based organizations (CBO) to shape and implement the EBD programs, building on lessons learned from the San Joaquin Valley (SJV) pilots and the Solar on Multifamily Affordable Housing (SOMAH) program. As discussed in the December Workshop, "co-creation with community needs to start now and be continuous throughout the process." The involvement of community engagement, and the expertise these groups provide, is critical to the success of this and other statewide programs targeting lower income residents and communities.[2] Additionally, the CEC should adopt SPARCC's equitable and collaborative community engagement practices of: 1) working with collaborative tables to reduce community conflict and expand reach; 2) explicitly respect and value local knowledge and community expertise; 3) commit resources for community expertise;

[1] Program guidance is expected in mid-2023, with plans to deploy IRA funds in late 2023/early 2024. 12/8 webinar, *The Better Buildings Residential Network, Department of Energy.* https://www.energy.ca.gov/programs-and-topics/programs/equitable-building-decarbonization-program#:~:text=The%20Direct%20Install%20Program%20provides,adoption%20of%20low%2Dcarbon%20technologies.

[2] https://movementstrategy.org/wp-content/uploads/2021/08/The-Spectrum-of-Community-Engagement-to-Ownership.pdf

4) design and fund engagement activities appropriate to the need; and 5) measure what matters.[3] Lastly, to further encourage engagement, the CEC could preference applications that not only have CBO partners, but are led by those organizations.

ii. Robust tenant protections

The CEC should work with community partners and local governments to develop and enforce policies that protect tenants from displacement or other harms. Without intervention, building decarbonization could lead to higher rents, higher energy bills, increased displacement, and increased corporate consolidation of the rental market. The CEC can set up ongoing collaborations with the CA Housing and Community Development (HCD) and the Housing Accountability Unit to ensure all agencies are creating mechanism to maintain tenant protections.

The CEC can take the following actions to prevent adverse outcomes for tenants, as recommended by Strategic Actions for a Just Economy (SAJE):[4]

1. Pursue holistic retrofits that electrify appliances while improving energy efficiency and indoor health. The CEC can accomplish this by streamlining the DI and incentives programs with existing energy efficiency or distributed energy programs in places where they are offered, and by funding holistic home retrofits in places where other programs are not available.
2. Disallow landlords from passing on any building electrification costs to tenants.
3. Work with state agencies and local jurisdictions to develop a "One-Stop Shop"[5] for aggregating program offerings.

SAJE also proposes state and local legislative changes that would protect renters, but which are out of the CEC's jurisdiction to implement. These include removing the "Remodel

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3 http://www.sparcchub.org/wp-content/uploads/2019/09/EECE-V4.pdf

4 Chelsea Kirk, Strategic Actions for a Just Economy (SAJE), "Los Angeles Building Decarbonization: Tenant Impact and Recommendations" (Dec. 2021). https://www.saje.net/wp-content/uploads/2021/12/LA-Building-Decarb_Tenant-Impact-and-Recommendations_SAJE_December-2021-1.pdf.

5 https://www.google.com/url?q=https://accelerator.nyc/&sa=D&source=docs&ust=1673988365068381&usg=AOvVaw1D8B35sWapjc1FYmI4E-0M; https://www.energyefficiencyforall.org/resources/one-stop-shops-for-the-multifamily-sector/; https://philaenergy.org/wp-content/uploads/2020/08/8-2020-PEA-Built-to-Last-Overview.pdf; https://www.denvergov.org/Government/Agencies-Departments-Offices/Agencies-Departments-Offices-Directory/Climate-Action-Sustainability-Resiliency/High-Performance-Buildings-and-Homes/Energize-Denver-Hub/Buildings-25000-sq-ft-or-Larger/Help-Resources-and-Incentives/Incentives-and-Financing#:~:text=Denver%20is%20offering%20financial%20incentives,choose%20electrification%20over%20natural%20gas

Eviction Loophole" in AB 1482 and adopting "Tenant Opportunity to Purchase Acts" at the local level that would enable Community Land Trusts (CLT) to purchase properties, among other recommendations.[6] The CEC could require local governments pursuing EBD Program funding to adopt one or more of these tenant protection measures and even mandate owners and landlords taking advantage of the program funds to register their rental unit with the local jurisdiction.[7]

Beyond SAJE's recommendations, the CEC can look to existing programs to inform tenant protection and anti-displacement policies – while recognizing that no existing program has implemented sufficient protections. One existing program strategy includes making landlords and property owners sign affordability covenants that are legally binding restricting rent increases for at least ten years. Adopting anti-displacement policies for this program will aid in mitigating displacement and building trust participants. For example, the Affordable Housing and Sustainable Communities Program (AHSC) requires any projects receiving funding for renovations to provide tenants with first right of return. Other programs that may offer a starting point include the Energy Savings Assistance Program (ESAP) Multi-family Whole Building Program, the SJV pilots, and New York's NYSERDA Multifamily Performance Program.

iii. Leverage existing funding

Many regions of the state have existing complementary programs focused on energy efficiency, solar, storage, and equitable building electrification. In these places, the CEC should encourage regional implementers to layer funding where possible to reduce the additional costs for providing holistic building improvements. Holistic home upgrades should be expanded to include reasonable home infrastructure improvements and electrical upgrades to remove barriers to electrification such as lead and asbestos removal, electrical panel upgrades, and even funds to support any permitting process. Recognizing that concerns around existing code violations may dissuade some low-income households from participating in EBD-type programs, a whole-home electrification approach should address safety, habitability, and other code compliance issues.

Additionally, these holistic building improvements may include the LIWP Multifamily Program, SOMAH, and the energy efficiency programs offered by the Program Administrators

6 See SAJE, "Los Angeles Building Decarbonization: Tenant Impacts and Policy Recommendations" Summary (Dec. 2021) for additional legislative recommendations. https://www.nrdc.org/sites/default/files/tenant-impact-recommendations-los-angeles-summary-20211208.pdf .

7 https://caanet.org/rental-registry-legislation-fails-to-advance/

under the CPUC purview, SMUD, LADWP, Regional Energy Networks, Community Choice Aggregators, local governments, and other entities. For example, in Los Angeles, an LADWP program that provides efficiency improvements could be enhanced to include new electric appliances and electric service upgrades. Or an ESAP provider could pair their weatherization offerings with new appliances and the addition of AC through a new heat pump in a hot region in California.

However, the CEC should not limit the DI program to areas already served by existing programs. Instead, they should prepare to invest more money per home through the DI program to support holistic upgrades in regions that do not have current programs. When evaluating locations for the DI programs, places with and without robust complementary existing programs should not compete with one another; they should be evaluated separately recognizing that the requested program budget may be higher in currently underserved areas.

iv. Considerations for community prioritization

The Workshop considered important questions about where to target the EBD funding to maximize its community benefits. Some recommendations included targeting regions and housing types that are currently underserved by electrification programs, using technology to identify climate zones where households can expect bill savings from BE, and using CalEnviroScreen and other data visualization tools to identify disadvantaged communities.

In addition to these considerations, the CEC should consider the following prioritizations:

1. Households in high temperature climate zones that currently lack cooling, while recognizing that total household energy bills may increase as a result of new cooling load.
2. Communities with histories of divestment, including tribal lands and communities of manufactured housing. The DI Program should also specifically prioritize low-income (LI) households.
3. Consider working with organizations such as local governments, PG&E, and the CEC's Technical Advisory Committee for Gas Decommissioning (Gas Decommissioning TAC) to target LI households served by pipelines that are identified as candidates for targeted electrification. This may include a specific targeted electrification solicitation within the DI program.

4. Local governments that have adopted or are developing an existing building electrification plan that identifies neighborhood electrification as a goal

v. Workforce standards

The EBD direct install program should provide a preference for bidders that commit to require the use of a skilled and trained workforce as set forth in Public Contracts Code section 2600, pay workers livable and dignified wages, and encourage local economic development by preferencing local hires and targeted hires, including women, people of color, disadvantaged, and reentry workers. Overall, the programs should aim to create local, well-paying careers in the communities it serves. A high-quality career is one that provides fair and equitable compensation, family-sustaining wages, benefits (e.g., paid family and sick leave, health care, paid vacation, etc.), a career path, a safe and healthy work environment (e.g., free from hazards or retaliation, access to quality health care, inclusive workplace free of discrimination, etc.), and the right to organize.

b. **Program-Specific Recommendations**

i. DI Program: Allow time to set up

It will take time to receive adequate feedback from CBOs to shape the DI program and select third-party implementers that could partner with CBOs, and the CEC should not rush the process. To address the current market gap in electrification programs, the CEC should leverage the FY 23/24 incentives program budget in the near-term.

ii. DI Program: Do not impose cost caps

The DI Program should not have strict cost caps, which proved a barrier to implementation in PG&E's SJV Pilot. Because full electrification and holistic upgrades can be expensive, the CEC should allow the DI Program administrators to determine appropriate funding allocations for the region and community in which they are operating.

iii. DI Program: Bill protections

The CEC should consider working with the CPUC to develop an electrification rate or bill protection specifically for participants in the DI Program. This could be an experimental rate design that might be extended to all LI customers as electrification efforts scale.

iv. Incentives Program: Dedicate FY 23-24 funding to existing programs

To meet California's equitable building electrification targets of 6 million heat pumps in homes by 2030 and all-electric residential space and water heating sales by 2035, the state must address the current gap in electrification incentives. The TECH Program will begin to distribute its additional $50 million in statewide pilots and incentives in early 2023, but that funding may not be sufficient to respond to the need and interest in electrification. To get some EBD funding out the door swiftly, the CEC should dedicate the FY 23/24 incentive program budget to the LIWP Multifamily Program or the TECH Program.

If dedicated to the TECH Program, the funding should specifically be set aside for incentives for equity customers. If dedicated to the LIWP Multifamily Program, the funding should specifically support heat pump installations, with a preference for fuel-switching from gas and propane to electric space or water heating. Lastly, providing sufficient incentives to cover workforce standards costs is critical.

v. Incentives Program: Streamline FY 24-26 funding with IRA funding

The CEC should align the program design for their future year incentives program with the requirements of the federal HOMES and HEEHRA programs, which are expected to be released by the Department of Energy (DOE) in mid 2023.[9] Ensuring that the state and federal funds can be deployed through the same vehicle will prevent duplication of program design work, save on administrative costs, and enable the federal money to reach California households sooner. It will also simplify the customer experience of accessing BE incentives. Moreover, the CEC should consider ways to work with the TECH program implementer to align both the TECH and future year incentives funding with the federal programs, enabling all funding to reach households through the same vehicle. Further, it is important to ensure that households consisting of undocumented people or mix-status family households are not excluded from participating in these programs.

III. **Responses to Request for Information**

Direct Install Program Criteria

1. *AB 209 directs CEC to establish a direct install program that shall be "at minimal or no cost for low to moderate income residents" and defines direct install program as an "energy efficiency, decarbonization, or load flexible solution provided directly to a consumer at minimal or no cost through a third-party implementer." "Low-to-moderate income" is defined in section 50093 of the Health and Safety Code as persons and families whose income does not exceed 120 percent of area median income, adjusted for family size and amended from time to time by the U.S. Department of Housing and Urban Development. The CEC is considering segmenting the state into different regions for the purposes of this program and requesting proposals from program implementers to implement the program across these regions. The CEC is preliminarily planning to allocate 66 percent of total budget funds – up to approximately $610 million – to the direct install program. While this is a significant amount of funding relative to previous decarbonization investments in existing buildings in California, it is a small amount relative to the need in the sector. The program will be able to cover only a small fraction of the millions of potentially eligible households. Program criteria used to prioritize and score proposals will need to be both flexible enough to meet the needs of the different regions of the state and sufficiently uniform to establish appropriate baselines and metrics for implementation.*
    a. *What criteria should be weighed more heavily or prioritized when scoring program proposals?*

The CEC should consider the following criteria when evaluating proposals for the DI Programs:

- **Equity** - preference given to:
    - **Disadvantaged Communities (DACs)**
        - *"Disadvantaged community" means a community with a median household income less than 80 percent of the statewide average.*

    - DACs, defined as census tracts that score in the top 25% of CalEnviroScreen 3.0, along with those that score within the highest 5% of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score
  - Low-income households (80 percent below area median incomes)
  - Low-income census tracts (Census tracts of low-income households)
  - All Tribal lands
  - Buildings owned or managed by a California Native American tribe, a California tribal organization, or a member of a California Native American tribe
- **CBO engagement:** the extent to which CBOs are meaningfully engaged or considered in the proposal
- **Tenant protections**: the applicant must commit to working with local CBOs to develop tenant protections that protect against short- and long-term tenant displacement
- **Workforce standards**: intention to preference "skilled and trained" workers and local and targeted hires, and a commitment to paying livable and dignified wages
- **Strategic targeting**: the proposal's ability to reach households that are currently underserved by or would particularly benefit from electrification programs, including residents of manufactured housing, naturally occurring affordable housing (NOAH), and tribal lands; residents of hot climate zones who currently lack cooling; households served by gas pipelines that have been identified by utilities or the Gas Decommissioning TAC to be strong candidates for targeted electrification; and residents of jurisdictions that have adopted or are developing an existing building electrification plan identifying neighborhood electrification as a goal
- **Proposed program design**: a focus on holistic home upgrades (either by leveraging existing funding where it exists or by filling the gap where no other funding is available), and no rigid cost caps that would exclude homes that require more repair to participate

  b. *The CEC plans to require the use of meter data and analytical-based tools to prioritize and target participant households and measures through the lens of* *greenhouse gas (GHG) emissions, energy usage, and bill impacts. Should the CEC require all proposals to include independent, data-driven targeting of participants and eligible measures, or should the CEC itself contract to provide a single, program-wide tool to target participants and eligible measures that program administrators would be required to use?*

If the CEC uses "meter data and analytical-based tools" to target households, they should do this through a single, program-wide tool rather than requiring all proposals to develop their own tool. The CEC should use meter data to which they already have access to target participant households, but they should not require DI Program participants to provide their meter data in advance of project selection. This approach may also exclude communities where this data is not available (possible mobile home parks, tribal communities, and non-IOU territories) and should not be used if it excludes populations that should instead be prioritized. It will, however, be important to track bills after the program to assess economic impacts and, ideally, have a means to make adjustments if needed and provide learning for future home upgrades.

c. *Should low-income and moderate-income households be incentivized at different levels? If so, how should that be approached?*

Incentivizing low-income and moderate-income households at different levels would require income verification in each household, which would place a high burden of proof on prospective participants and must be avoided. Instead, this program should focus on the most vulnerable communities, and the bar to participate should be as low as possible, as described in more detail in response to the next question. This aligns with recommendations from the SB 350 barriers study, which determined that participation requirements should be simple and streamlined to encourage participation. The CEC should look to the CPUC's Environmental and Social Action Plan report[8] as a guide to adopt best practices when engaging with disadvantaged communities in an equitable and respectful manner. The CEC may also want to consider a tiered approach to homes based on need of investment to guide the offerings per need of each home. This may also help ensure residents are not required to provide income verification.

2. *To optimize program funds, CEC may offer preference for proposals that layer incentives or leverage other programs.*

8 https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf

a. *What best practices, program elements, or state actions would facilitate layering or leveraging different program offerings?*

Qualification for the DI program should be flexible to align with existing and future energy efficiency, solar, storage and other programs. For example, households that qualify for the CARE/ESAP, LIWP, SOMAH, and the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), and other low-income programs should automatically qualify for the DI program.

3. *Should layering or leveraging other programs be a requirement for proposals or a prioritization when scoring proposals?*

Layering or leveraging other programs should be encouraged where there is an opportunity to do so and should not be a requirement. This will help stretch the DI Program budget further and potentially cut down on administrative costs. However, not all communities are served by existing energy efficiency, decarbonization, or other programs. The CEC must ensure that these communities are not put at a disadvantage in the DI proposal review process simply because they do not already have complementary programs in place. Proposals in areas with existing programs and in areas that do not have existing programs should be evaluated separately from each other. Program layering should not be a requirement.

4. *The inclusion of both low-income and moderate-income households allows flexibility for proposals that want to electrify specific neighborhoods or communities.*
   a. *What program elements, geographic targeting, or state actions would facilitate this approach?*

The CEC should consider coordinating with the gas utilities or the EPIC-funded Gas Decommissioning TAC – which has already worked with PG&E in Northern California to identify prime locations for targeted electrification in DACs – to utilize a portion of the DI funding for targeted electrification. Specifically, the CEC might allocate funding to support targeted electrification projects that are not currently cost-effective but would be cost-effective with supplemental electrification funding. These pilots should be focused on neighborhoods that are known to be *primarily* low-income and in DACs. To facilitate targeted electrification, the CEC might consider a separate DI solicitation for targeted electrification.

5. *AB 209 authorizes the CEC to require tenant protections in participating rental properties.*
    a. *What tenant protections could be applicable in all regions of the state?*

As described in Section II.a., the CEC must develop robust tenant protections to mitigate the higher rents, higher energy bills, increased displacement, and increased corporate consolidation of the rental market that might result from building retrofits.[11]

    b. *Who would be responsible for enforcing the agreements?*

Local housing agencies who enforce tenant protections.

    c. *What programs should the CEC look to for examples of effective building retrofit and decarbonization programs with tenant protection requirements?*

To address potential displacement, LIWP requires owners to sign affordability covenants (but does not have a method in place to enforce these covenants), the SOMAH program targets homes that have 10 years remaining on deed restriction, and the Mass LEAN program.[9]

<u>Direct Install Third-Party Implementers and Solicitation Scoring</u>

6. *AB 209 defines "third-party implementer" as "non-commission staff under contract to the commission who propose, design, implement or deliver Equitable Building Decarbonization Program activities." Proposals from third-party implementers that include at least one community-based organization and employ workers from local communities shall be prioritized.*
    a. *How should the CEC segment the state for a multiple-implementer solicitation (e.g., by climate assessment regions, climate zone, groupings of air districts, counties, etc.)? Are there other ways to segment the state to provide geographic diversity and advance equity?*

We agree that there should be local, regional and statewide implementers, but not a single statewide implementer. This would allow for BIPOC-owned, women-owned, and small companies to participate and serve their communities directly, as well as open up opportunities for local non-profits to bid on (and lead) proposals. For example, having a local implementer could allow for CBO engagement who may be well-equipped to provide community services. The Joint Parties do not have specific geographic recommendations at this time.

9 https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A1911003/3133/348335025.pdf

b. *What opportunities for workforce development should be considered, encouraged, or leveraged?*

Selected DI third-party implementers should commit to the following workforce efforts:

- Priority for "skilled and trained" workers
- Commitment to paying workers livable and dignified wages (e.g., prevailing wage)
- Priority to hiring from the community to support local economic development
- Preferencing local hires and targeted hires, including women, people of color, disadvantaged, and reentry workers
- Aim to create local, well-paying, high-quality careers in the communities it serves

c. *Should maximum incentives – at building, unit, and/or region – be established? If yes, at what level(s)?*

The CEC should not set maximum incentives per home but should instead see what is proposed and compare proposals. The DI Program (and layered programs, if applicable) should cover the full electrification cost per home for LI households.

7. *Preference for participation in the direct install program shall be given "where the building meets one or more of the following criteria: (1) the building is located in an under resourced community; (2) the building is owned or managed by a California Native American Tribe or a California Tribal organization; (3) the building is owned by a member of a California Native American Tribe."*

a. *How can the CEC best facilitate awareness for residents and building owners within under-resourced communities to encourage program participation?*

The CEC should:

- Partner with trusted CBOs to reach out to potential participants, leveraging learnings from the SJV pilots.[13]
- Partner with local contractors to encourage customers to consider program participation upon gas appliance burnout.
- Require that implementers provide culturally appropriate customer education and outreach materials developed with and distributed by trusted CBOs (e.g., in multiple languages and addressing community concerns).

b. *Are there any unique considerations that should be taken into account when developing program criteria or reviewing proposals for decarbonizing homes on Tribal lands?*

The Joint Parties do not have any recommendations at this time.

c. *Should CEC issue a Tribal-only solicitation to fulfill items (2) and (3) more effectively?*

Yes; the CEC should do this and also defer to Tribes themselves on the optimal DI program format.

8. *While designing the criteria and solicitations for the regional decarbonization programs, CEC is considering offering an initial phase of the Equitable Building Decarbonization Program to support or expand currently active decarbonization programs with established infrastructure and demand. These programs may be more limited in geographic scope or decarbonization activities than what is expected from the regional programs.*

a. *Should other currently active building decarbonization programs be allowed to compete for funding from the Equitable Building Decarbonization Program?*

The CEC should encourage implementers to pair the DI funding with programs that focus on home energy efficiency and solar installations, such as local utility and regional energy network (REN) offerings, LIWP, and ESAP,[14] in addition to programs that offer the exact same appliance rebates. This could help ensure that the DI funding is used to support holistic home upgrades. The FY 23/24 incentives funding, on the other hand, should be used to supplement the equity incentives offered by existing electrification programs, such as TECH or the LIWP Multifamily Program. Additionally, while currently TECH does not check resident or income status, the CEC should ensure that these programs do not request resident/income status if money goes to TECH or the LIWP Multifamily Program.

b. *Should the CEC fund decarbonization programs that have existing infrastructure in an initial phase to allow for the Program to quickly decarbonize homes and provide benefits to residents?*

Yes, the CEC should consider funding existing programs as soon as possible; but they should use the budget from the incentive program, not the DI program, to do this.

Direct Install Eligible Equipment and Measures

9. *The statutory direction on eligible measures is broad: "Projects eligible to be funded through the direct install program include installation of energy efficient electric appliances, energy efficient measures, demand flexibility measures, wiring and panel upgrades, building infrastructure upgrades, efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat, where appropriate, and remediation and safety measures to facilitate the installation of new equipment." The CEC plans to require the use of meter data driven analytical tools to inform what measures should be prioritized based on GHG reduction, energy reduction, and bill impacts.*
    a. *What specific equipment and measures should be prioritized?*

Flexibility should be given to allow local implementers and CBOs to reflect the needs and priorities of their communities. The CEC should not decide in advance which of these specific measures are most important, but general guidance that encourages proposals that focus on improving health and comfort while reducing GHG emissions and utility bills are aligned with the statute.

    b. *What, if any, equipment standards or certifications should be considered as requirements?*

In general, we recommend at least ENERGY STAR level appliances and equipment whenever possible - these are usually 10% or so more efficient than the federal or state standards. However, if the CEC wanted to go even more efficient, the Consortium for Energy Efficiency (CEE) has advanced tiers of efficiency requirements that could be considered. .The Joint Parties have no recommendation at this time.

    c. *What unique equipment and measures should be considered for different building segments, i.e., existing single-family, multi-family, and mobile/manufactured homes?*

Upgrades to multi-family homes may include central heat pump space and water heating technologies and may require more costly electrical infrastructure upgrades than single-family homes. Manufactured homes may require very different measures from multi-family and single-family homes, and the CEC should consider conducting a separate solicitation for a DI program for manufactured housing. In particular, the CEC should address warranty issues that might otherwise prevent manufactured home residents from obtaining certain appliances.

d. *How should the CEC consider equipment and measures that mitigate impacts from extreme heat, wildfires, or local air pollution but increase individual energy use (e.g., installing a heat pump heating and cooling system in a home that previously did not have an air conditioner)? How does this align with the legislative direction that the program shall "reduce the emissions of greenhouse gases"?*

It is important and reasonable for the DI program to help install heat pump heating and air conditioning in households that need and want AC. This is explicitly directed by statute, including "*efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat."* To align with the legislative requirement that the program reduce greenhouse gas emissions, the CEC should ensure that the overall portfolio of completed DI measures results in emissions reductions. This can be achieved by a strategic combination of fuel switching and AC installations. Also, the CEC should work closely with the Housing and Community Development (HCD), CBOs, EJ organizations, and tenant and housing rights groups to develop policy recommendations to the legislature that are designed to ensure a maximum safe indoor air temperature. The CEC must align its goal to reduce GHG emissions with identifying a maximum indoor air temperature to protect impacted communities from further pollution and adverse health effects from extreme heat.

e. *Should the CEC consider unique portfolios, technologies, and measures to reflect California regional diversity, such as different climate zones, electric utilities or community choice aggregator providing service, technology performance, electric reliability, wildfire risk, etc.?*

Yes, it is reasonable for the CEC to consider regional diversity – such as climate zones – when designing program offerings, especially as it relates to potential bill savings from electrification measures or climate-specific needs like heat protection in more extreme climates.

10. *This program offers a significant opportunity to advance load flexibility in the residential sector and across the state. Load flexibility or load management provides residents with the ability to shift their energy usage in response to hourly energy*

prices, GHG emissions, or grid conditions. This can provide savings on consumer bills, as well as provide grid reliability support.

a. *What load flexibility requirements should be included in the direct install program, and which load flexibility measures should be prioritized?*

The CEC should consider installing heat pumps with load control devices if such controls are cost-effective (i.e., if the grid cost savings of load control outweigh the cost of installing load controls). They should also consider automatically enrolling or encouraging participants to enroll in electrification rates.

However, load control devices should not be a requirement of the program. Instead, the CEC might offer a kicker incentive for HPWHs that support the CTA-2045 standard (port and protocol) and the Title 24 Joint Appendix (JA) 13 specification and that are set up in load shifting mode at installation (grid connected or time of use).

11. *AB 209 includes mobile homes as eligible buildings. The ability to decarbonize existing mobile and manufactured homes depends on factors such as location (mobile home park or rural), ownership, size, age, condition, access to electricity, and access to appropriately sized efficient-electric equipment.*

a. *What considerations should be taken for mobile or manufactured homes that are different from other eligible buildings?*

The CEC should consider a separate solicitation for manufactured homes, given the unique challenges and opportunities for electrifying this type of housing. As stated earlier in these comments, the CEC should not impose any cost cap. However, should the CEC choose to impose cost caps, it should create an exception for manufactured homes given the substantial need. Further the CEC must not consider the value of older manufactured homes as a barrier to investment as not "cost effective," but rather as an indication that this program has an opportunity to remedy historic structural disinvestment.

b. *What programs focused on retrofitting or decarbonizing mobile and manufactured homes or mobile home parks could offer recommendations or lessons?*

The SJV Pilots, the CPUC's Mobilehome Park Utility Conversion Proceeding and Program (R.18-04-018), and the investigation into upgrading energy access for the Santa Nella mobile home community (I.22-09-011) may offer useful lessons.

Incentive Program

12. *The CEC is directed to establish and administer a statewide incentive program for low carbon building technologies such as heat pump space and water heaters and other efficient electric technologies. A minimum of 50 percent of the funds allocated "shall benefit residents living in under-resourced communities." Incentives for manufacture, distribution, sale, and installation; financing; and direct purchase of equipment are all under consideration.*

    a. *How should the CEC prioritize the use of funds between these options? What market actors should be incentivized? Why?*

The CEC should direct FY 23/24 incentives funding to existing incentive programs to get the money out the door efficiently while developing the DI program. For example, the incentive funding could be used to supplement the incentives budget of the TECH program, which delivers mid-stream incentives to contractors for installing heat pump space and water heating appliances. Following the 2022 legislative session, TECH funds can be used statewide. The CEC could direct the incentives funding to TECH with the directive that it be set aside for residents of disadvantaged communities (including tribes), which TECH has the ability to track by zip code. Another opportunity may be to use the FY 23/24 incentives to supplement the budget of the LIWP Multifamily program, with priority for projects that incentivize fuel switching.

Future year incentives budget (FY 24-26) should be aligned with forthcoming DOE guidelines for the HOMES and HEEHRA Programs, including the type of incentives offered and the eligibility for receiving incentives. Several details for the program, including qualification and maximum incentive amounts, are already defined in IRA Sections 50121 and 50122, and should guide future year incentives program development. The CEC should also consider options for encouraging incentive program participants to take advantage of the IRA heat pump tax credits, where applicable.

    b. *What criteria or factors beyond the reduction of direct GHG emissions should be considered when evaluating incentive options? How do these considerations benefit residents living in under-resourced communities?*

In addition to GHG reductions, the CEC may consider factors such as a need for cooling and a lack of alternative electrification project funding. Households that currently lack air conditioning but live in hot climate zones may be good candidates for electrification incentives, even if the incentive would increase their total energy consumption. Locations or housing types, such as manufactured housing, that are underserved by current electrification programs may also be good candidates for this funding.

c. *Where are the gaps in current incentive offerings that if addressed could advance the market for low and zero-carbon building technologies?*

There appears to be a lack of electrification funding for multifamily retrofits especially in NOAHs, tribal housing and manufactured housing in existing programs. The CEC might consider setting aside incentive or DI funding for these housing types.

d. *How should incentives from this project interact with other incentives such as those available from the direct install program, utility programs, tax credits, etc.?*

The CEC should attempt to leverage and streamline future year (FY 24-26) incentive program offerings with federal funding IRA to the extent possible. This may include adjusting incentive amounts for non-LI households to account for the tax credits available through IRA and streamlining the incentives program with the DOE guidelines for the HOMES and HEEHRA Programs so customers can access all incentives through the same platform.

e. *What, if any, criteria should there be regarding the disposal of replaced equipment, including refrigerants where applicable?*

Knowingly venting refrigerant is prohibited under the federal Clean Air Act and must always be recovered by a certified technician. Therefore, all refrigerant from decommissioned equipment must be recovered by a certified technician and sent for reclamation through the appropriate channels.

f. *Should CEC consider funding currently active building decarbonization incentive programs in an initial phase?*

Yes, as described in response to 11.a. above, the CEC should consider directing the incentive funding to the LIWP Multifamily Program or the TECH program to ensure that some money is available to fill the “market gap” in electrification funding as soon as possible, while developing guidelines for the DI funding and aligning the FY 24-26 incentives funding with HOMES and HEEHRA.

g. *CEC aims to leverage and/or align with programs supported by the federal Inflation Reduction Act and the Infrastructure, Investment, and Jobs Act. Should CEC continue to leverage or align if it is at the cost of earlier implementation?*

As described above, the CEC should allocate the FY23-24 incentives funding an existing program (TECH or LIWP) to get the money out quickly. Future year (FY24-26) funding should be aligned with the DOE and subsequent state guidelines for the HOMES and HEEHRA programs.

The CEC will require ongoing data collection and measurement and verification to evaluate program success. This may include, but is not limited to, energy and GHG savings, bill impacts for ratepayers, number of homes retrofitted, number of people in the household affected, cost per home, occupant satisfaction, indoor air quality changes, location, and other programs or funds leveraged. CEC will work to align data collection principles (fields, formats) with other programs, and share program data with the public via reports or a website. For example, the Technology and Equipment for Clean Heating (TECH) program is currently incorporating project application data, meter data, and survey data into a publicly reportable site.

a. *What data not mentioned above should be collected for tracking program performance and evaluating program success?*

For future year funding (FY 24-26), the CEC should also develop a method for collecting income information from participating households. This will be necessary to align with the HEEHRA Program, which sets incentive amounts based on moderate- or low-income status, and defines moderate and low-income based on a percentage of Area Median Income (AMI).

IV. **Conclusion**

Thank you for the opportunity to comment. We look forward to working with the CEC and stakeholders to deploy effective and equitable EBD programs.

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