

DOCKETED	
Docket Number:	22-DECARB-03
Project Title:	Equitable Building Decarbonization Program
TN #:	250848
Document Title:	Nicole Looney Comments - SMUD Comments Re Questions on the Draft Guidelines for the Equitable Building Decarbonization Direct Install Program
Description:	N/A
Filer:	System
Organization:	Nicole Looney
Submitter Role:	Public Agency
Submission Date:	6/30/2023 9:22:52 AM
Docketed Date:	6/30/2023

*Comment Received From: Nicole Looney
Submitted On: 6/30/2023
Docket Number: 22-DECARB-03*

SMUD Comments Re Questions on the Draft Guidelines for the Equitable Building Decarbonization Direct Install Program

SMUD Comments Re: Questions on the Draft Guidelines for the Equitable Building Decarbonization Direct Install Program - 22-DECARB-03

Additional submitted attachment is included below.

**STATE OF CALIFORNIA
BEFORE THE CALIFORNIA ENERGY COMMISSION**

In the matter of:)	Docket No. 22-DECARB-03
)	
Equitable Building Decarbonization Program)	SMUD Comments Re:
)	Questions on the Draft Guidelines for the
)	Equitable Building Decarbonization
)	Direct Install Program
)	
)	June 30, 2023

**Comments of SACRAMENTO MUNICIPAL UTILITY DISTRICT on
Questions on the Draft Guidelines for the Equitable Building Decarbonization Direct
Install Program**

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to provide input and comments to the California Energy Commission (CEC) to inform the development of the Equitable Building Decarbonization Direct Install Program.

SMUD strongly supports the state’s efforts to reduce greenhouse gas (GHG) emissions by promoting building electrification and increasing the development of renewable resources. In July 2020, our Board of Directors declared a climate emergency and adopted a resolution calling for SMUD to take significant and consequential actions to become carbon neutral (net zero carbon) by 2030. In April 2021, SMUD’s Board adopted our 2030 Zero Carbon Plan (SMUD’s Plan). The goal is to reach zero carbon emissions in our power supply by 2030 while maintaining reliability, safety, and affordable rates, doing it all with an eye toward equity for underserved communities.

SMUD is also experienced in offering direct install programs for low-income customers, including our pilot neighborhood electrification programs in the Gardenland and North Highlands communities in Sacramento. Additionally, SMUD is expecting a \$3M federal appropriation for fiscal year 2023 to demonstrate neighborhood electrification in a third neighborhood, Meadowview, for up to 300 single-family homes and aiming for 100% electrification where feasible.

Excerpted below are select questions from the “Staff Questions to Guide Public Input on Draft Equitable Building Decarbonization Direct Install Program Guidelines.”¹ SMUD is pleased to offer the following initial feedback and recommendations on the draft guidelines that should be considered in program design. SMUD looks forward to continuing to work with the CEC to provide feedback on program implementation.

¹ CEC Questions on Draft Guidelines – Equitable Building Decarbonization Direct Install Program (<https://efiling.energy.ca.gov/GetDocument.aspx?tn=249993&DocumentContentId=84726>). May 4, 2023.

Discussion and Input Provided

Chapter 2, Statewide Direct Install Program

- 1) *Question #2, Section A, Regional Funding Allocation - Would you recommend any changes to the proposed regions or budget allocation?*

SMUD notes that the proposed regions are large and will span communities that are diverse based on geography, climate, demographics, resources, and more. If the CEC maintains this approach, we recommend that program administrators partner with multiple community-based organizations (CBOs) to ensure that the interests of communities across the region are adequately represented.

- 2) *Question #4, Section D, Initial Community Focus Areas - Would you suggest any changes to the proposed criteria for identifying initial focus areas?*

SMUD recommends several modifications for the CEC's consideration. First, we recommend that "communities underserved by existing programs that fund building decarbonization, weatherization, and related measures" should be clarified to include communities served by programs that do not have adequate capacity to meet the local need. For example, SMUD estimates that approximately 32,000 customers enrolled in our Energy Assistance Program Rate (EAPR) have inefficient or very inefficient cooling. While SMUD's direct install program includes electrification measures for low-income customers, we are typically able to serve roughly 300-500 homes per year, well below the community need. SMUD estimates that electrifying these homes would require roughly quadruple the existing program capacity to serve 2,000 households per year.

Second, we recommend regional administrators consider prioritizing underserved communities in which there is some existing program infrastructure in place. Building upon existing infrastructure could help quickly demonstrate and scale the new Equitable Building Decarbonization program.

Finally, we recommend that regional program administrators focus on overall energy burden instead of the potential for bill savings. Households that lack cooling or that are served by inadequately sized systems may not see bill savings; however, access to cooling is a matter of health and public safety in regions that experience extreme summer heat. The Equitable Building Decarbonization program represents an opportunity to help improve access and ensure the resulting system is all-electric and coupled with appropriate measures to limit any bill impacts. Alternatively, SMUD recommends that the potential for bill savings in cooling climates should be used only for households that have appropriately sized HVAC systems.

3) *Question #5, Household/Property Eligibility - Would you suggest changes to the proposed income verification requirements to better achieve this balance?*

SMUD appreciates the CEC's intent to balance good stewardship of public funds with stringent requirements that may create barriers to program participation and thus make it more challenging and costly to achieve the intended benefits. If the CEC determines that income verification is necessary for individual households within an underserved community, we recommend allowing regional program administrators to expand the list of verification options to include enrollment in a comparable utility or weatherization program that targets low- and moderate-income customers, subject to CEC approval, even if the income criteria between programs are not identical. This would help minimize the burden of participation for low-income customers and facilitate cross-enrollments in complementary programs.

In addition, for clarity, we request that SMUD's EAPR program be listed among the income-qualified programs that may be used to demonstrate eligibility for the Equitable Building Decarbonization program. EAPR eligibility is based on 200% of the Federal Poverty Level (FPL), which is more stringent than 80% of Area Median Income (AMI) for Sacramento County.

Finally, SMUD understands that the future availability of federal Inflation Reduction Act (IRA) can be leveraged to maximize the benefits of the Equitable Building Decarbonization Program. To facilitate participation in both programs, the income-based requirements for the Equitable Building Decarbonization program should generally align with those required for IRA funds (up to 80% of AMI for low-income and up to 150% of AMI for moderate income). However, until the federal program guidelines are finalized, and funds are available for the CEC to administer, SMUD believes it is reasonable for the CEC to limit eligibility for moderate-income households to the level proposed in the draft guidelines.

4) *Question #6, Section F, Household/Property Targeting - Would you suggest different or additional targeting criteria?*

SMUD believes most of the proposed target criteria are reasonable and are similar to criteria we use in our own programs. However, consistent with our feedback on Question 3, we recommend focusing on energy burden instead of "likelihood of favorable impacts," which may be unattainable for households that do not currently have air conditioning (e.g., no central cooling or window units). In such circumstances, a heat pump could result in a relative bill increase. Alternatively, we recommend that bill impacts should be considered only if customer has appropriately sized equipment.

5) *Question #9, Section J, Pricing and Cost Caps – Would you suggest any changes to the proposed average cost caps?*

SMUD recognizes the tension between maximizing the number of customers served while also ensuring access for customers with highest needs. Unfortunately, remediation and electrical upgrades can pose significant barriers to participation in building decarbonization programs. SMUD partners with CBOs to assist with remediation where possible; however, resources are limited, and we may be unable to serve customers requiring significant remediation. For example, one of SMUD's partners, Habitat for Humanity of Greater Sacramento, has shared that some of the most frequent remediation needs include: \$500+ for dry rot repair; roof replacements; knob and tube replacement; electrical panel upgrades; code-related issues such as plumbing and sewer or structural repairs; asbestos removal; lead abatement; and even pest abatement in order to address electrical repair or insulation. Individually, these costs can range from modest to significant, with current estimates of \$500 for minor dry rot repair, \$2,000-\$4,000 for knob and tube replacement (prior to insulation removal or replacement), \$5,300-\$6,500 for panel upgrades, or over \$20,000 for whole-house asbestos remediation or replacement of larger roofs. Most notably, many homes in low-income communities have overlapping needs; for example, knob and tube replacement typically requires panel upgrades.

SMUD believes the Equitable Building Decarbonization Program presents an important opportunity to help bring the benefits of safe, efficient, electric homes to households with the greatest need. As such, SMUD encourages the CEC to reconsider the average cost caps, particularly for low-income customers. One option to help limit the impact on state funds of serving higher-needs households could be increasing cost caps where there are additional sources of funding that can be leveraged to serve them (e.g., IRA funds or complementary program participation).

Chapter 4, Administration

6) *Question #10, Chapter 4, Program Coordination and Incentive Layering – Staff welcomes input on this approach.*

Coordination between the Equitable Building Decarbonization program and other similar or complementary programs is key to maximizing the number of households served and ensuring equitable access for those with the greatest need. SMUD appreciates that the draft guidelines specify that regional program administrators are responsible for coordinating with other programs and recognize the importance of minimizing complexity for participants and contractors, along with complying with all applicable funding requirements and ensuring that total funding does not exceed the project cost. SMUD offers several recommendations on how to achieve these goals.

First, we recommend that the CEC direct regional program administrators to establish a strong referral network with relevant existing programs that serve the community and to minimize friction, to the extent feasible, for customers served by multiple programs.

A strong referral network would help ensure that independent programs are matched with the customers they are best positioned to serve. However, the administrative burden of requiring customers to apply or qualify for multiple programs may lead to attrition. As part of establishing the referral process, therefore, SMUD encourages regional program administrators to work with administrators of other programs to understand each program's requirements and assist with pre-screening customers as part of the intake and income verification process. In addition, consistent with our response to Question 5, we suggest the CEC provide regional program administrators flexibility to allow customers enrolled in equivalent or comparable programs to directly qualify for the Equitable Building Decarbonization program to minimize burdensome cross-enrollment.

We also recommend that contractors vetted through existing building decarbonization programs and/or their workforce training components should be pre-qualified to serve as contractors in the Equitable Building Decarbonization program. Leveraging contractors and workforce development opportunities across complementary programs can help provide a better customer experience and accelerate initial program implementation.

Finally, SMUD recommends clarifying the proposed incentive layering requirement. SMUD recognizes the CEC's goal of maximizing households reached by applying Equitable Building Decarbonization funds after other complementary funding sources wherever possible. However, as noted in our response to Question 4, existing building decarbonization programs may not have adequate funding or capacity to meet a community's need. In such cases, we recommend that the regional program administrator should have the flexibility to work with administrator(s) of existing programs to determine the optimal incentive structure to maximize the benefits of both programs.

7) *Question #13, Chapter 4, Section D, Workforce Standards and Requirements - Would you recommend changes or additions to these workforce standards and requirements?*

SMUD strongly believes that regional electrification efforts should be paired with strong workforce development programs that offer skilled training and on-the-job work experience opportunities, ideally within the same neighborhoods that are served. SMUD looks at electrification as a tool not only for fighting climate change and improving local air quality and health outcomes, but also as an opportunity to bring greater economic prosperity to our region. Access to living-wage jobs associated with building electrification has the potential to lift families in underserved communities out of poverty and to foster advocacy for electrification within their own communities. To that end, we support that program administrators are encouraged to leverage training opportunities for contractors and workers, as well as provide preference for local contractors. We recommend that, where possible, preference be given to contractors within the communities served.

In addition, consistent with our response to Question 10, SMUD recommends that regional program administrators seek to pre-qualify local contractors and workforce trainees that are part of complementary programs.

Conclusion

SMUD appreciates the opportunity to provide input and comments to inform the development of the Equitable Building Decarbonization Direct Install Program. We look forward to continuing to work with staff in this proceeding.

/s/

KATHARINE LARSON
Regulatory Program Manager
Government Affairs
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

MARTHA HELAK
Regulatory Government Affairs
Representative
Sacramento Municipal Utility District
P.O. Box 15830, MS B404
Sacramento, CA 95852-0830

/s/

MARISSA O'CONNOR
Senior Attorney
Sacramento Municipal Utility District
P.O. Box 15830, MS B406
Sacramento, CA 95852-0830

cc: Corporate Files (LEG 2023-0079)