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CLEAResult's Commentary

Additional submitted attachment is included below.



CLEAResult Response to California Energy Commission Equitable Building Decarbonization Program Draft Guidelines

CLEAResult welcomes the opportunity to provide comments on the Equitable Building Decarbonization Direct Install Program Guidelines. This is a tremendous opportunity to establish a framework that will support the achievement of statewide decarbonization goals.

We have been engaged in the delivery of California energy programs for more than a decade, and many of our staff for much longer. We currently implement multiple statewide energy efficiency programs and local decarbonization programs with utilities and other local community partners. In our comments, we focus on design elements that will deliver high program impact with local community-centered solutions, while also scaling effectively to meet the statewide needs.

We had one or more attendees at each of the regional in-person workshops and have incorporated key takeaways from those workshops in our commentary below. At the last workshop in Fresno on June 23, it was mentioned by CEC staff that June 30 was the deadline for filing commentary, but that comments would still be accepted thereafter. Should the CEC have any further questions or seek deeper understanding on any of our comments, we are happy to assist.

1. Program Goals

The primary goals of the Equitable Building Decarbonization Program are to reduce greenhouse gas emissions from existing buildings and advance energy equity.

The Equitable Building Decarbonization Program will also encourage resiliency to extreme heat, indoor air-quality improvements, energy affordability, grid reliability, and local workforce opportunities. In addition, the program will advance the state's goals of 6 million heat pump installations by 2030, 3 million climate-ready and climate-friendly homes by 2030, and 7 million climate-ready and climate-friendly homes by 2035.

CLEAResult acknowledges that this initial investment into the equitable decarbonization program will help to augment current CEC and IOU funded efforts and pave the way for future state and federal investment in electrification and decarbonization. To effectively meet with all of the stated goals, collaboration, leveraging of other programs, and ongoing education of homeowners and renters will be critical. Key challenges we see include:

- A. Sequentially stacking multiple programs/funding sources – Due to the varying requirements for different programs that can work for a single project, ensuring that they stack in the right order will help reduce overall project cost. This will also help overcome the fact that different programs will need to use different trade ally labor with varying requirements.
- B. Reducing energy costs – Our experience working across multiple electrification programs has been that energy costs have increased with either the transition from natural gas to electric appliances or through the introduction of HVAC/other equipment that did not previously exist in the home. While multiple factors will impact the severity of the increase in bills (state of the



home/equipment, climate zone, use of TOU rates, etc.) it would be helpful to know what criteria is most important to the CEC (i.e., does grid reliability and indoor air quality take precedence over energy affordability?).

2. Program Components- Statewide Direct Install

LMI households

- a. single family*
- b. multi family*
- c. manufactured homes*

Tribal Direct Install Program

With the acknowledgement that this initial funding effort will just scratch the surface of meeting with the primary and secondary objectives of the funding, we recommend several things. First, that implementers be required to work across each of the eligible housing types to generate a statistically significant sample set of projects that can be used to inform future funding. Second, that impact to power distribution/needed in front of the meter infrastructure upgrade also be tracked, to help inform the full cost of this effort and potential increase to resident’s energy bills. Third, that an estimate of reduced healthcare costs based on improved indoor air quality costs be factored into the total change to resident’s bills.

3. Program Components- Support for Existing Programs

CEC is evaluating directing a portion of funds to existing state programs that provide decarb upgrades to low income CA households

The CEC should also consider support for existing IOU programs that offer decarbonization upgrades to residents of disadvantaged communities (DACs). This would leverage significant technical, outreach and CBO resources already engaged in serving these vulnerable communities and accelerate the impact of the equitable decarbonization in the near term. This would also serve as an effective onboarding measure to establish a collaborative framework between IOU EE programs and the forthcoming Equitable Decarbonization program.

4. Regions

<i>Region</i>	<i>Population</i>	<i>% of funding</i>
<i>North</i>	<i>5.3M</i>	<i>23%</i>
<i>Central</i>	<i>4.3M</i>	<i>19%</i>
<i>South</i>	<i>13.6M</i>	<i>58%"</i>

We are in favor of the funding allocation and understand the logic for the split amongst regions given the relative population of under-resourced communities. Given the likelihood that aiding some of these homes, especially in the Coachella Valley/southern desert climate zones will result in bill increase, we



ask for clarity as to whether decarbonization and heat resiliency will take precedence of energy affordability.

5. Community Eligibility

- 1. Disadvantaged Communities designated by the California Environmental Protection Agency for purposes of Senate Bill 535 (De León, Chapter 830, Statutes of 2012)¹¹ (required for at least 50 percent of households served in each of the Northern, Central, and Southern regions)*
- 2. Census tracts with median household incomes at or below 80 percent of the statewide median income*
- 3. Census tracts with median household incomes at or below the threshold designated as low-income by the California Department of Housing and Community Development*

There is an imperfect alignment between what residents and CBOs recognize as a community (e.g., their city or neighborhood) and what the statutory definitions recognize. In some cases, a statutory definition would allow participation of a large portion of a community but not a small area with similarly disadvantaged residents who fall into an adjacent census tract. In other situations, relatively well-off households may fall within the area recognized by statute.

We recommend that the focus of eligibility be on the household, and that census tracts be used as a targeting, but not qualifying, criteria. In other words, a prospective administrator could propose a community that aligns with CBO's community-served and includes a high proportion of qualifying census tracts with some additional, non-qualifying census tracts, so long as household-level eligibility criteria will be applied.

6. Community Focus Areas

The presence of a local organization with which the program can partner for culturally appropriate outreach and engagement with community residents.

- 1. Communities in which households are most likely to experience bill savings as a result of decarbonization, based on climate zone, utility rates, and other factors.*
- 2. Communities vulnerable to extreme heat, high fire risk, or other climate risks.*
- 3. Communities underserved by existing programs that fund building decarbonization, weatherization, and related measures.*

Bill savings is an important criteria, however it is important to consider the full breadth of benefits delivered by energy projects and how those balance against costs. For a low-income household currently living without air conditioning, paying more for a comfortable and healthy home environment, heated and cooled by a highly efficient ductless heat pump may be a very reasonable financial choice. What should be prioritized is communicating the expected bill impacts relative to the project benefits, in an understandable way, so that customers are equipped to make the choice that best meets the needs of their household.

7. Building Types

- 1. Single-family homes*
- 2. Multifamily residential buildings of two or more units*



3. Residential buildings such as assisted living facilities, transitional housing, and group homes.
4. Mixed-use buildings that include residential units. Only the residential portion, including common areas, is eligible for the program.
5. Manufactured homes, mobile homes, and multifamily manufactured homes, as defined in Health and Safety Code Section 18007 et seq.

Eligible buildings may be either owner-occupied or rented

Rental protections must be included and must be reasonable so as not to be a barrier to owner authorization. An unfortunate, foreseeable consequence of too severe a criteria would be to prevent owners from participating and prevent access of renters to program benefits.

We recommend that administrators be allowed to propose the rental protections with input from their local CBO partners. Any related program rules should be revisited annually to confirm they are achieving a balance of renter protection and renter access to program benefits.

8. Income Eligibility

Single Family

1. Low-income: households earning up to 80 percent of the local area median income (AMI)
2. Moderate-income: households earning 80 percent to 120 percent of AMI

Multi-Family

1. At least 66 percent of households earn less than or equal to 80 percent of AMI
2. If rent for at least 66 percent of units is affordable to such households
3. If a multifamily building is eligible, then all units in the building, as well as common areas, may receive upgrades.

As noted above, CLEARResult recommends that household-level eligibility tests be prioritized over geographic tests. This should be the test for all single-family homes. We recognize that household level tests can be a burden and present a barrier to some households. However, given the limited program resources relative to the immense need, we feel it is the appropriate approach. To mitigate the burden this creates, flexible approaches to means testing should be allowed.

Multifamily properties are more difficult to test for eligibility due to the many stakeholders. Here, we recommend that demonstration of just 25 percent of households' eligibility should suffice to qualify the property. Properties that included deed restricted affordable units should be qualified on the basis of that deed.

9. Targeting

1. Likelihood of favorable bill impacts from decarbonization, based on such factors as primary space and water heating fuel type, energy utility meter data, electricity and gas rates, local propane rates (if available), climate zone, building age, age of existing appliances, and benchmarking program data
2. Higher vulnerability to extreme heat (for example, homes in hot regions that lack cooling)
3. Higher potential for avoided greenhouse gas emissions



4. Proximity to other targeted low-income or moderate-income households, for economies of scale in outreach, implementation, and direct install retrofit

With climate impacts accelerating, we believe that this targeting criteria is important and accurate.

10. Outreach Types

- 1. Material development*
- 2. Culturally appropriate*
- 3. Direct outreach*
- 4. Communitywide outreach*

Culturally appropriate approaches should not only consider the content of collateral and marketing materials, but also the media diet of that population (i.e., where do they get their information and from whom?)

A multilayered outreach scheme is necessary to condition potential participants with awareness. Participants will need to hear about the program several times from several sources before finally choosing to participate.

11. Types of Measures

- HVAC*
- Envelope*
- Water Heating*
- Cooking*
- Laundry*
- Lighting*
- Indoor Air Quality*
- Electrical*
- Remediation/Safety*

In addition to the Eligible Measures list provided in the Draft Guidelines, we are seeking clarity as to whether or not additional proposed energy-saving measures that are not already identified as ineligible are permitted to be discussed. For example, solar water heating systems (if not included under the definition of solar photovoltaic systems in the ineligible measure list) may prove effective in several California climate zones on single-family homes as a replacement for fossil fuel systems while adding minimal electric load. Other measures that do not use any energy at all would serve the Direct Install Program’s goals of reducing greenhouse gas emissions, advancing energy equity, and improving community resiliency to extreme heat, and we would encourage the flexibility to consider these as eligible.

Furthermore, there appears to be no cooling measures on the eligible measure list for residents who do not have a central gas-fired HVAC system. If improving resilience to extreme heat is indeed an important



goal of this program, room air conditioners or portable heat pump air conditioning units should be considered for the eligible measure list, especially for residents who live in multifamily properties where replacement of central HVAC equipment may not be feasible.

Lastly, if the primary objective is bill savings, we recommend eliminating the rule that existing equipment for space/water heating must be gas. Replacing existing electric resistance equipment of all types will provide significant bill savings while not disqualifying some otherwise eligible residents.

12. Measure Packages

- 1. designed to achieve bill savings and greenhouse gas emission reductions*
- 2. improving indoor air quality, resiliency, and grid reliability, where possible*

Can the CEC provide guidance on assumptions regarding future costs of energy (both gas and electric) over the lifetime of the installed measures?

Can the CEC provide guidance on whether total cost of ownership would be considered in addition to the bill savings calculation? For instance, if the cost maintenance and upkeep of the electric system are expected to be less than the existing fossil-fuel system, is that factored into the participant's program benefits?

13. Pricing/Cost Caps

- 1. Implement mechanisms to control costs, such as cost analysis, competitive bidding, and standard pricing for eligible measures.*
- 2. The program will cover 100 percent of the net cost of eligible measures for participating households after applying other applicable incentives*
- 3. Electrical/Remediation Cost Caps \$5000/\$3000 LI/MI*

We are in favor of the averaging methodology for the assignment of cost caps given the range of needs that will be discovered at program inception. We believe that these initial cost caps may be too low, particularly where it concerns remediation efforts in manufactured homes, and we recommend re-evaluating these costs on an annual basis to ensure that the equity goals of the program are being met. This may include potentially establishing new caps per building type (single family, multi-family, manufactured) after the first program year. We also recommend that these averages be set per region, not for the entire state.

14. Program Coordination and Incentive Layering

- 1. Coordination with programs that provide funding for one or more measures that are also eligible through the Equitable Building Decarbonization Program, such as smoke alarms, smart thermostats, electrical panel upgrades, or heat pumps.*
- 2. Coordination with programs that provide funding for complementary measures that are not eligible for Equitable Building Decarbonization Program funding, such as solar photovoltaic panels, electric vehicle charging, shade trees, and battery storage.*



Administrators should be expected not only to coordinate directly with complementary programs, but also actively coordinate cross-participation and incentive layering directly with the participant on their behalf. Participants will need an advocate to effectively navigate all the possible programs and funding sources in order to gain the most benefit possible by virtue of their eligibility status.

Key Takeaways from Community Workshops

CLEAResult had one or more attendees at each of the in-person workshops, and had several key takeaways:

1. Tenant's Rights and Protections- We've included several comments about this topic previously in the document. While having participation rules established for landlords and property owners is critical, utilizing lessons learned from other programs in the state who have employed these rules in the past will be key in optimizing program participation.
2. Working with CBO's- We know how critical it is to collaboratively partner with trusted voices in the community- this is a critical design element for initial and long-term success by creating deep and lasting connections. We have realigned our vision and organizational stru