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RE: Equitable Building Decarbonization Program Direct Install Program: Draft Guidelines
(CEC-400-2023-003-D)

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June 30, 2023

VEIC is pleased to submit the following comments on the draft guidance for the Direct Install (DI) portion of the Energy Commission's Equitable Building Decarbonization (EBD) program. VEIC is a nonprofit energy services firm with expertise in energy efficiency, building decarbonization, transportation electrification, and demand management for a clean and flexible grid. Across our work decarbonizing buildings and transportation, we center equity and affordability to ensure that all people and communities can participate in the clean energy transition.

We appreciate the careful deliberation that has gone into the draft guidance. We understand that the draft guidance focuses primarily on the proposed regional implementation aspects of the DI initiative. Our comments address regional implementation as well as the intersection with tasks that should be fulfilled on a unified statewide basis. Our experience from California to Vermont shows that a careful balance is needed between local connectivity and streamlined statewide functionality. Coordinated statewide functions such as data management are especially important in the context of larger market transformation. While direct install programs are not always seen as strategies for market transformation, we believe equitable decarbonization will not be achievable without market transformation strategies that reduce costs, motivate supply chains, and increases access. We encourage the Energy Commission to seek additional public comment on statewide services and functions and how those will be integrated with regional DI implementation.

Answers to Energy Commission Questions

3. Section B, Selection of Administrators (page 7) states that program administrators will be required to partner with one or more community-based organizations (CBOs) for local and culturally appropriate outreach, education, and support for participating households and communities. In the context of the Statewide Direct Install Program, what specific activities or tasks do you believe will be the most important for participating CBOs to lead or engage in?

It is critical that CBOs play a central role in community outreach. However, we recommend that CBOs also be engaged in program design and evaluation. CBO perspectives on where to target programs, how to integrate with other programs serving similar populations, and ways to integrate health and comfort benefits into program design are important factors to set the program up for success. CBOs' having buy in on the program design also leads to their being more effective in the outreach function. We encourage the Energy Commission to have flexibility on scope and administrative structures with regard to CBOs, which is especially important for small CBOs.

4. Section D, Initial Community Focus Areas (page 8) proposes a process by which communities will be recommended for inclusion in the first phase of the program, recognizing the program does not have the funds to serve every under resourced home in the state. Would you suggest any changes to the proposed criteria for identifying initial focus areas? The CEC plans to establish a pathway for communities not identified as initial focus areas to be included in a subsequent phase of the program. Do you have recommendations regarding the process and criteria by which such communities should be considered for inclusion?

The four criteria for identifying initial focus areas are appropriate. Having CBOs be part of community selection is also recommended. Implementers should be encouraged to be inclusive in identifying communities that fit the criteria.

The Energy Commission should recognize that emphasis on some of the criteria could have significant impacts on costs and program design characteristics. For example, areas underserved by existing programs are likely to have less mature markets and higher costs.

The Energy Commission should consider how it will ask program administrators to balance the value of addressing vulnerability to extreme heat among households with no or limited cooling against the likelihood that adding an increasingly necessary energy service will increase utility

bills. The criteria of experiencing bill savings and alleviating extreme heat vulnerability will in some cases be at odds with each other. Energy efficiency and active load management are critical tools in mitigating this tension.

5. Section E, Household/Property Eligibility (pages 9-10) includes proposed income verification requirements for participating households. In establishing income verification requirements, the CEC seeks a balance between good stewardship of public funds and ensuring the program benefits its intended recipients while avoiding overly stringent requirements that create barriers to participation. Would you suggest changes to the proposed income verification requirements to better achieve this balance?

We support the proposed approach to single family income verification. We recommend that the Energy Commission align the definition of moderate income for the EBD Program with those for forthcoming federal HOMES and HEEHRA rebates. The federal rebates allow moderate income to be defined as up to 150% of Area Median Income (AMI) but allow states to elect a lower threshold.

The low-income multifamily definitions and thresholds as well as the documentation methods are appropriate ways to address the range of multifamily housing serving low-income households. One consideration is that properties demonstrating that rents are affordable to households at a certain income threshold, information on the typical cost of utilities likely will not be readily available. We recommend creating a pathway for multifamily housing to qualify as moderate income and receive services in line with that income bracket. Eligibility criteria would mirror the low-income eligibility criteria but address the 80-120% AMI income bracket.

6. Section F, Household/Property Targeting (page 11) proposes an approach by which the program will target the households most likely to benefit from decarbonization retrofits. Would you suggest different or additional targeting criteria?

Use of a targeting tool that can leverage utility data would be a critical component of the program and this is a function that should be provided at the statewide level.

The TECH Clean California initiative has developed a targeting tool that leverages gas and electric consumption data, with the first use case being identification of low-income utility customers most likely to achieve bill savings through electrification.

Estimating bill savings is not a simple task. Confounding factors include but are not limited to:

- Changes to utility rates over time,
- Occupancy levels (which can change over time),
- Occupant behavior, including less constrained energy use as utility bills decrease, and
- Real world equipment performance, which is subject to installation quality (among other things).

Bill savings is an important benefit, but obviously not the only benefit the program should consider. In certain climate zones, adding efficient cooling where none existed provides essential health and well-being benefits, which will come at the expense of utility bills being higher than they were without cooling. Thus, depending on how bill impacts are calculated (e.g. baseline) there are potential tensions in targeting based on different objectives.

It is also important to understand that targeting is not simply a back-end technical task. Targeting should intersect program design choices and ongoing program delivery. For example, personnel involved in outreach should understand how and why customers were targeted. Targeting should be an adaptive, not static process, so this intersection should be ongoing.

The TECH experience has shown that data handling and integration of multiple sources of data is quite resource intensive. The meter data analysis and targeting infrastructure being developed by TECH is intended to be adaptable to different applications. For example, the data integration solution for SGIP was built off of the TECH infrastructure at a much lower cost in time and money than what would have been feasible otherwise.

8. Section I, Eligible Measures (pages 12-15) lists measures eligible for funding through the program. Would you suggest changes or additions to the lists of required, eligible, and ineligible measures?

There are pros and cons to excluding solar. Excluding this measure preserves program funds and thus allows a greater number of homes to be served, but it also eliminates a measure with the

potential to improve bill impacts for electrification projects. The Energy Commission may want to consider allowing proposals to make the case for including solar given these trade-offs.

9. Section J, Pricing and Cost Caps (page 16) presents proposed cost caps for remediation measures. Would you suggest any changes to the proposed average cost caps? a. What other funding resources could help cover deferred maintenance costs for participating households?

Accommodating remediation is critical to equitable home decarbonization and energy efficiency improvements. Experience in California programs and pilots (e.g., TECH) shows that funding for remediation can be a successful strategy for decarbonization in low-income homes.

We support the use of an average cost cap as a way to control costs without establishing arbitrary limits for individual homes. Experience from San Joaquin Valley Disadvantaged Communities (DAC) Pilot indicates that targeting the neediest homes may require a higher average cost cap.

We also support the use of an average cost cap for electrical capacity upgrades. While electrical upgrades are essential in some buildings, there is a risk of choosing panel upgrades when other solutions may be available that are less costly and/or have less electrical system impact. These could include 110 volt heat pump hot water heaters, smart panel improvements, and other load management options. Within the TECH program, panel upgrades were needed in only a small portion of the HVAC heat pump projects in DACs. (However we do not argue this is representative of the full building stock being targeted by the EBD program.)

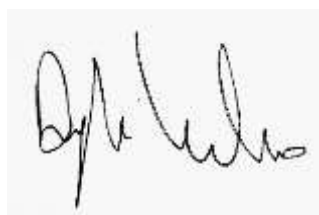
10. Section A, Program Coordination and Incentive Layering (page 18) describes a proposed approach to coordinate with other programs and leverage other funding sources. Staff welcome input on this approach.

We strongly agree with the objective of minimizing complexity for participants and contractors. It is difficult to overstate how much of a barrier it can be to require participants – especially in disadvantaged communities, and the contractors serving them – to content with multiple program requirements.

For layering to be administratively feasible, we encourage the Energy Commission to have a flexible approach to non-critical program requirements that could conflict with other existing programs and funding sources.

Thank you for the opportunity to comment.

Respectfully,

A handwritten signature in black ink on a light gray background. The signature is cursive and appears to read "Dylan Voorhees".

Dylan Voorhees

Senior Consultant