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SUPPORTING CBD WITH FAIR ACCESS BY ALL CALIFORNIA LOW INCOME FAMILIES

Additional submitted attachment is included below.

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June 30, 2023

Free Energy Savings Company – Quality Conservation Services Comments Concerning
Equitable Building Decarbonization Direct Install Program
Docket No. 22-DECARB-03

Dear California Energy Commission:

Quality Conservation Services and its parent organization company, Free Energy Savings Company LLC, (hereafter combined as "Free Energy/QCS") provide *free* energy improvements to more than 25,000 low income and at-risk families each year as part of our direct install work. We are very supportive of the outstanding program proposed under this California Energy Commission (" Commission" or "CEC") initiative. Our comments are meant only to improve the program and assure that all of California's low-income families have an equivalent opportunity to participate in its benefits.

Please be assured of our full cooperation in helping this program become the success it deserves to be and provide its intended benefits to California's low-income families.

Respectfully submitted,

Rich Esteves

Richard M Esteves, Chair
Free Energy/Quality Conservation

RME/adj

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Our comments are presented in the order in which the questions appear in the Staff's request for comments. However, some of the comments may also apply to other sections.

Q.1. Feedback on Budget Breakdown?

1. Free Energy/QCS operates significantly in all three of the proposed areas, and therefore has no commercial interest in preferring one area over another. We do believe that the total budget would be better and more equitably divided among the three areas in proportion to the total number of low-income families in each. Currently it is allocated by the size of the "underresourced communities (URC)". This discriminates against the northern and central areas because the large number of low-income families are more dispersed among the general population and thus less likely to be in "underresourced communities."

2. Even if the Commission decides to limit its initial efforts only to low-income families that happen to live in "underresourced communities", it does plan to expand the program to all low-income households, sometime after some initial period excluding those low-income families outside. To have allocated the total budget solely on the basis on those in URC population will shortchange those areas and their low-income families who are less likely to be in an URC.

Q.2. Changes to Regions or Budget Allocation?

3. No suggestion as to Regional Divisions. We do support multiple Pas so we can examine any differences for "best practices".

4. The allocations among the “other” funds (incentives, tribal, manufactured housing, etc.) appear reasonable. However, there is no listing of how these “other funds” will be divided among the regions. It seems unlikely, for example, that the six southern region counites have nearly 1.5 times as many mobile homes or tribal needs as the rest of the state combined. We recommend that these funds be allocated in proportion to all low-income families, if not in proportion to each of the target populations.

5. The allocation of the Direct Install funds is very inequitable and will result in the low-income families in the Northern and Central Regions to be shortchanged and discriminated against once the program is opened up beyond the initial target communities. A much more equitable effort would have the initial funds distribution match the low-income population as a whole in each region.

6. Limiting the program, even initially to the so-called “underresourced communities” discriminates against the majority of low-income families in California. It recalls the old “redlined neighborhoods” issues of discrimination. Are those poor families not living in a DAC community less deserving of needful of decarbonization. We recognize and agree that DAC and similar neighborhoods have a greater proportion of needful low income, however, that is no reason to redline other equally deserving families from the program benefits and there should be no such differences.

7. The reasonable interest in assuring that Underresourced Communities are provided with more resources will happen automatically. Contractors, CBOs and other entities looking to help low-income families will gravitate on their own to DAC and other low-income communities, since that is where the target families are most readily available (a “target-rich” environment!). However, if a CBO or Contractor or low-income family wishes to participate outside of the pre-selected communities they should not be excluded, even temporarily.

8. If initial focus areas are to be used, there should be a date certain established as to when the programs will be opened to all low-income families.

Q.3 Primary CBO Activities?

9. CBOs will perform a valuable service in each of their communities assisting with enrollment and providing credibility to the program. Their participation should *NOT* be limited a small number of pre-selected organizations, but opened to all CBOs. And while the CBOs are important, this type of work should not be limited to CBOs, but allowed for any organization that works with low-income families. For example, while some of the 200,000 low-income families treated each year by the CPUC's ESA programs are done by CBOs, the overwhelming majority of these are covered by other types of organizations, including private companies which have spent years building experience and trust among low-income communities.

Q.4 Changes to Criteria for Initial Focus Areas?

10. The first recommendation is to totally eliminate the Initial Community Focus concept entirely as not only unnecessary, but detrimental to the interest of the larger low-income community and the program itself. If the Commission decides to go with these, at least do not make geographic residence requirements a mandatory requirement. Even if the Pas decide to concentrate their efforts in a few communities, at least allow other low-income families and CBOs and contractors to participate.

Q,5 Proposed Income Verification Requirements?

11. The proposals are very reasonable. We do think that some pre-install verification is necessary for each home treated under Direct Install, either

verification of income or verification of participation in another recognized program that also has income verification. Self-certification demonstrably results in a very large number of unqualified people securing funding which is meant to help low-income families. For example, CARE/FERA discounts have been available for years through self-certification. Although mostly suspended since covid, the most recent full year of post testing (2019), the IOUs Annual Low-Income Reports show that 37% of all enrollments evaluated after the fact were unable or unwilling to provide verification of being income qualified. At this rate, over $235 million (37% of Direct Install budget) would be diverted away from needy low-income families.

12. Similarly, just as limiting the program to a few selected communities will mean that a very large number, if not a majority, of low-income families will be excluded unfairly, geographic eligibility (e.g., all DAC residences, regardless of income) will result in a large number of higher income families will be unfairly provided with funding meant for low-income families. We support the concept of individual household income verification.

13. Steps such as geographic eligibility or self-certification do benefit the contractors and implementers by reducing their costs to market and administer the program, however, at the cost of minimizing the funds available to help low-income families. The ESA program, which has required **individual** household income verification for many years, has successfully enrolled 200,000 to 300,000 low-income families each year.

Q.6 Other Household/Property Criteria?

14. What we have seen in the SGIP Equity Residential and Equity Resiliency budgets. The overwhelming portion of residential funds have gone to apartment complexes, particularly at the start of the programs. Naturally, these are more sophisticated and knowledgeable, have much larger project sizes, are financeable, etc. The contractors rush to treat these first, often ignoring single family or 2-4 plex homes, etc. According to the IOUs

Annual Low-Income reports, only 31% of their low-income families live in multifamily homes – and while still needy, have much lower utility bills and in-unit decarb opportunities. We recommend that the use of Direct Install funds be limited to 33% of available funds. An alternative, is to limit the funds available for Common Area efforts to be capped at no more than 10% of all funds.

Q.7 Changes to Set Aside (5%) for Mobile and Manufactures Homes?

15. The 5% of direct install seems reasonable, since low-income families in mobile homes have a great need and are particularly difficult to treat and unlikely to have been able to afford improvements. We do recommend that the Commission leave open the ability to revisit should history determine this is insufficient.

Q,8 Changes to Measures Allowed?

16. The list of allowed and not allowed measures are reasonable. However, the Commission should allow a mechanism to add (or subtract) individual measures upon a recommendation by any interested party (not just the PAs), along with a reasonable criteria as to what might justify such change

Q.9 Changes to Proposed Cost Caps?

17. The cost caps are reasonable to start. We recommend that there be mechanism to change these if they are shown to be an impediment. We also recommend an annual review as to the amounts allocated for each measure. The market price for these measures can be guided by the results of the incentives program, provided that recipients of those incentives are required to provide the actual total costs for the measures.

18. The concept of a cap on the "average" cost. However, the individual participant, both the low income and the provider should be given a not-to-

exceed price, with the ability to request an exception for individual installations. For example, if the cap on "average" were $5,000, an individual home could be capped at $6,000 and if greater would need to appeal to the PA which is responsible keeping the overall average to no more than $5000. If $6,000 is too high to maintain the $5000 average, this could be reduced.

Q.10 Changes to Coordination or Layering?

19. The program's "layering" approach is one of the most important and welcomed proposals for the program. It will maximize the funds available in the Commission's program, and more important, it will maximize the benefits that accrue to the low-income families participating.

20. In this regard, the Commission may wish to prioritize cooperation with other low-income direct install programs, such as the LIHEAP and ESA programs. This will minimize the administrative costs to market and enroll new customers and require fewer funds to provide complete services to that family.

Q.11 Changes to Goals or Metrics?

21. No suggestion.

Q.12 Additional Tenant Protections?

22. Do not let the perfect be the enemy of the good. The greatest issue we have had treating low-income renters is securing the permission of the owners allowing their tenants to participate. While they have little or no problem our providing free energy improvements to their tenants, they are very concerned over anything they interpret as restricting their future actions. This is particularly true when we have to go through a professional management whose top priority is to avoid any issues or complications.

Suggest the PAs meet with landlord groups such as SCANPH or NPH to draw up a reasonable document they would be willing to support.

Q.13 Changes to Workforce Standards and Requirements?

23. When dealing with residential contractors, we need to recognize that the overwhelming majority of them, particularly any we would classify as “local”, do not operate under prevailing wage rules. They may be unwilling to change their operations to order to take on work which may or may not be significant. The Commission should consider the desirability of phasing in this requirement. If a contractor becomes involved in the program and see success in the initial year, it may be willing to change its program in order to maintain that business for the following year.

24. Defining “local” may be very difficult, particularly if the Initial Focus areas are small. We suggest that the contract have done a minimum number of residences (10? 20?) in the community within the prior two years.

Free Energy/QCS
June 30, 2023

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