

DOCKETED

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RE Marin Clean Energy on the Draft Guidelines for the Equitable Building Decarbonization Direct Install Program

Additional submitted attachment is included below.



June 30, 2023

California Energy Commission
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RE: Marin Clean Energy on the Draft Guidelines for the Equitable Building Decarbonization Direct Install Program (DOCKET NO. 22-DECARB-03)

Dear Commissioners, Board Members and Staff,

Marin Clean Energy (“MCE”) strongly supports the goals of the California Energy Commission’s (“CEC” or “Commission”) Equitable Building Decarbonization (“EBD”) program to advance energy equity through meaningful electrification investments in low-to-moderate-income families and under-resourced communities.

MCE provides clean electricity service and cutting-edge energy programs to more than 1.5 million residents and businesses in 37 member communities across Contra Costa, Marin, Napa, and Solano counties. MCE’s mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating equitable community benefits. MCE is a dedicated program administrator (“PA”) of a host of [energy efficiency \(“EE”\) and decarbonization focused programs](#).

MCE submitted comments on the CEC’s Request for Information (“RFI”) to this Docket on January 20th, 2023. MCE actively supported funding the EBD through its state budget advocacy in 2022 and 2023. MCE thanks the Commission for the host of EBD workshops and its efforts to seek regionally specific program design feedback from equity stakeholders especially.

MCE offers:

- Substantive comments on the implementation of the EBD direct install (“DI”) program:
 - The CEC should allow proposals with smaller geographic focuses and local goals in the request for proposal (“RFP”) for the EBD direct install program;
 - The CEC should support the use of self-attestation to demonstrate income eligibility for the EBD DI program;
 - The CEC should allow enrollment in an income-qualified program to demonstrate income eligibility for tenants in Multifamily Buildings.
- A proposal for the CEC to establish a public process to provide transparency and equitable opportunity in the selection of “Support for Existing Programs” that are envisioned to receive funding from the CEC until the statewide DI program launches.¹

¹ CEC, 22-DECARB-03, Equitable Building Decarbonization Direct Install Program Draft

- A recommendation that the EBD program provide educational information to participants on beneficial load shifting and demand response (“DR”) programs.

I. Statewide Direct Install Program

2. Section A, Regional Funding Allocation

Would you recommend any changes to the proposed regions or budget allocation?

Yes, MCE strongly believes that direct install programs are best implemented at the local (or smaller “regional” level) and that the currently proposed division of the program into three larger regions will not lead to successful program implementation. MCE recognizes the administrative efficiency potentially achieved by selecting one PA per region but believes the many known risks with this approach outweigh any potential benefits.

First, MCE fears selecting just one PA per region ends up functionally eliminating any locally focused and community-led programs or projects. The regions are too large for any smaller, locally led PA to successfully administer independently at this scale. In fact, MCE questions what entities beyond a handful of consulting firms or the investor-owned utilities (“IOUs”) could realistically administer a program on this scale. This approach then eliminates locally focused PAs from leveraging their trusted, local relationships with CBOs to tailor program design to meet community interests and customer needs. Additionally, trust with PAs can be an essential determinant of project success or failure.² Locally focused PAs, like community choice aggregators (“CCAs”), possess extensive decarbonization program administration experience relevant for EBD. MCE’s PA experience informs its continued observation that local leadership is essential to the success of the EBD.³

Second, MCE fears selecting one PA per large region also limits equity stakeholders’ ability to lead on program design that meets locally varying needs and barriers within a region.⁴ For example, within the hundreds of square miles of the Northern California region, the

Guidelines (“Draft Guidelines”) at p. 3.

² California Energy Commission, *SB 350 Barriers Study*, available at:

https://assets.ctfassets.net/ntcn17ss1ow9/3SqKkJoNIvts2nYVPAOmGH/fe590149c3e39e51593231dc60e0000/TN214830_20161215T184655_SB_350_LowIncome_Barriers_Study_Part_A_Commission_Final_Report.pdf, pp. 48-49 (discussing distrust of energy utilities).

³ BEEP Coalition, *Community Priorities for Equitable Building Decarbonization Report* (March 2022), available at: [https://ww2.arb.ca.gov/sites/default/files/2022-](https://ww2.arb.ca.gov/sites/default/files/2022-03/BEEP%20Letter%20and%20Report_Equitable%20Decarb%20March%202022.pdf)

[03/BEEP%20Letter%20and%20Report_Equitable%20Decarb%20March%202022.pdf](https://ww2.arb.ca.gov/sites/default/files/2022-03/BEEP%20Letter%20and%20Report_Equitable%20Decarb%20March%202022.pdf) at p. ii (“Statewide rebate or incentive programs will continue to fail to reach those communities without significant investment in community-led efforts to engage communities that are being left behind.”)

⁴ The Greenlining Institute, *Equitable Electrification Report* (2019), available at:

https://greenlining.org/wpcontent/uploads/2019/10/Greenlining_EquitableElectrification_Report_2019_WEB.pdf, p. 30 (describing the ecosystem of local partnerships required for equitable electrification projects).

decarbonization needs and barriers vary tremendously. Even within MCE’s service area in Northern California, the interests and needs of our customers in rural Napa County are often distinct from those in urban, multifamily buildings in Contra Costa County. MCE adjusts its program design and administration based on local needs while leveraging local relationships to better meet those varying needs and interests.

Third, MCE observes from the statewide EE programs funded by the CPUC, the larger the region, the greater the incentive for a PA to adopt a more uniform administration approach. While understandable from an administrative resource perspective, this approach replicates existing decarbonization programs that are not delivering benefits to equity participants in a proportional manner. MCE observes greater equitable outcomes from adding personalized, technical support throughout the life of its EE and decarbonization programs. Similarly goaled programs like the [Solar on Multifamily Affordable Housing](#) and the [San Joaquin Valley Affordable Energy Pilots](#)⁵ also benefitted from a locally focused team of PAs and implementers who offered personalized technical assistance. As the California Air Resources Board (“CARB”) *Low-Income Barriers Study* observed, “... residents would benefit from repeated outreach and visits to ensure a more consistent presence in the community, to build trust, and ensure community-based organizations have the tools and resources they need to pass along information to their residents.”⁶ The goal of the EBD is to innovate decarbonization programs creatively and prudently with community leadership at the center to mitigate known and documented inequities. MCE encourages the CEC to adopt a more innovative and locally led approach.

MCE supports the allocation of *funding* across the 3 regions as proposed in the Draft Guidelines. MCE also supports that RFPs for the DI program will be held at the regional level (i.e., one RFP each for Northern California, Central California and Southern California). However, MCE strongly recommends against the CEC limiting proposals in the RFP to those that cover the entire region with one PA. Instead, the CEC should also allow and consider proposals with smaller geographic focuses and local goals that could scale throughout a region and the state over the years. In doing so, the CEC will solicit a broader range of innovative program proposals, both on local and regional levels, that can complement each other in their joint goal of supporting the decarbonization of vulnerable communities in California. MCE recommends that the CEC may approve multiple proposals submitted to its RFP with different geographic scales and program design approaches to best serve the diverse regions and local communities within them.

⁵ R.15-03-010; *See also* Gridworks, *Lessons Learned (So Far) In Targeted Building Electrification*, 2021, available at: <https://gridworks.org/2021/09/lessons-learned-so-far-in-targeted-building-electrification/>; Evergreen Economics, *SJV DAC Pilot Projects Process Evaluation*, 2020, available at: <https://pda.energydataweb.com/api/view/2432/SJV%20DAC%20Final%20Research%20Plan%20101220.pdf>.

⁶ California Air Resources Board, *CARB Barriers Report: Low-Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access for Low-Income Residents*, 2018, available at: https://ww2.arb.ca.gov/sites/default/files/2018-08/sb350_final_guidance_document_022118.pdf.

The Draft Guidelines already implicitly contemplate a need for greater localization of DI programs by wisely introducing the concept of “Initial Community Focus Areas.”⁷ MCE’s recommendation to allow proposals with smaller geographic focus matches this logic. MCE’s approach allows the CEC to consider and support various “Initial Community Focus Area” proposals within the RFP, proposed by various PAs.

MCE further recommends that programs approved via the RFP process would generally undergo an evaluation, measurement and verification (“EM&V”) process after program implementation which would result in a report focusing on both advantages and lessons learned in program design, development, and implementation. Based on this assessment and report, the program could be scaled throughout the region or even the State by either the same PA or others. Testing out a variety of locally led program models implemented by several different PAs will help California identify the benefits and challenges with different program designs. This local leadership focus and narrowly tailored program design approach is essential to better serve underresourced communities and Equity customers left behind by energy programs in the past.

For these reasons, MCE strongly recommends that the CEC allow proposals with smaller geographic focuses and local goals in the RFP for the DI program. MCE also notes that the CEC may approve multiple proposals submitted to its RFP within each of the three larger regions to test out a broader range of innovative program proposals under the EBD program umbrella for greater delivery of equitable benefits.

4. Section D, Initial Community Focus Areas

MCE supports the proposed community focus areas in the Draft Guidelines, especially the emphasis on local partnerships with CBOs.⁸ MCE recommends the Commission add a community focus area that prioritizes communities who are more likely to experience meaningful non-energy benefits (“NEBs”) from EBD projects. For example, a PA could prioritize communities with higher levels of air pollution⁹ for specific measure mixes that improve air quality. EBD eligible communities experience disproportionate health impacts from energy related environmental and social vulnerabilities.¹⁰ As communities related interests and needs will vary, MCE recommends the CEC adopt a flexible approach to consider a variety of

⁷ CEC, EBD Draft Guidelines, p. 8.

⁸ CEC, EBD Draft Guidelines at p. 8.

⁹ OEHHA, CalEnviroScreen Report 4.0, 2021, available at:

<https://oehha.ca.gov/media/downloads/calenviroscreen/report/calenviroscreen40reportf2021.pdf> (air quality indicators).

¹⁰ Environmental Protection Agency, Cumulative Impacts Research, September 2022, available at: <https://www.epa.gov/system/files/documents/2023-05/CUMULATIVE%20IMPACTS%20RESEARCH-FINAL%20REPORT-EPA%20600-R-22-014A%20%2812%29.PDF> (outlining and defining the cumulative impacts of built and social environments on human health).

PA approaches to deliver NEBs. The CEC may coordinate with its ongoing efforts to study NEBs.¹¹

5. Section E, Household/Property Eligibility

Would you suggest changes to the proposed income verification requirements to better achieve this balance [between good stewardship of public funding and ensuring the program benefits its intended recipient while avoiding overly stringent requirements that create barriers to participation]?

MCE generally supports the proposed eligibility and income verification requirements for the DI program with a few limited modifications.

First, MCE supports limiting the income verification burdens for program participants as complex income verification requirements often result in the exclusion of low-income program participants. Therefore, MCE supports the use of self-attestation¹² to demonstrate income eligibility for the EBD DI program. MCE uses self-attestation for its Home Energy Savings (“HES”) program with great success.

Second, MCE supports the CEC’s proposal to allow demonstration of enrollment in another income-qualified program to determine income eligibility for the EBD DI program. However, MCE notes that the current Draft Guidelines seem to only allow this type of income verification for Single-Family Homes.¹³ MCE additionally recommends the CEC allow enrollment in an income-qualified program to demonstrate income eligibility for tenants in Multifamily Buildings.

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¹¹ CEC, SB 100 Joint Agency Report – Analysis of Non-Energy Benefits, Social Costs and Reliability, 2021, available at: <https://www.energy.ca.gov/event/workshop/2021-11/joint-agency-workshop-planning-senate-bill-100-analysis-non-energy-benefits> (outlining steps for the 2025 SB 100 Joint Agency Report).

¹² Disadvantaged Communities Advisory Group, Re: Comments on Rulemaking 20-05-012 Assigned Commissioner’s Ruling (ACR) on Improving Self Generation Incentive Program Equity Outcomes and Assembly Bill 209 Implementation <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M497/K964/497964271.PDF>, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M499/K629/499629300.PDF> at p. 2 (Where providing proof of income and/or residing in deed-restricted housing are necessary to qualify for participation, these conditions often result in unnecessary barriers to participation. Consider enabling self-attestation of income to reduce these barriers, which can be verified through random audits of a small subset of customers, or at a minimum enable customers who qualify for CARE or FERA to participate without additional paperwork.”).

¹³ CEC, Draft Guidelines at p. 10.

What other funding resources could help cover deferred maintenance costs for participating households?

As MCE elaborates in **Section II** below, MCE already offers several direct install programs for low-to-moderate-income customers under its existing energy efficiency portfolio. MCE offers many of the proposed measures for the EBD program already in its existing EE and decarbonization programs:

- Duct testing/sealing;
- Occupant controlled smart thermostat;
- Air sealing;
- Insulation;
- Low-flow showerheads and faucets;
- Light-emitting diode (LED) bulbs and fixtures;
- Air filtration.

If participating in EBD as a PA or part of a PA team, MCE could leverage these measures and related funds as needed to support EBD projects, thereby increasing the value for vulnerable customers. MCE further elaborates in the following section on how MCE may leverage its existing EE programs to quickly bring EBD funds to low- to moderate-income households while the CEC continues to develop the DI program. MCE also stands ready to participate in the RFP for the DI program if the CEC allows the submission of proposals on a smaller geographic scale as proposed in response to **Section A, Regional Funding Allocation**.

II. Support for Existing Programs

MCE strongly supports the CEC’s proposals to use \$30 Million to fund “Support for Existing Programs” that can deliver the benefits of decarbonization to vulnerable populations as quickly as possible while the EBD DI program is being developed. However, based on the Draft Guidelines and CEC workshop materials, it is unclear how, where and when the CEC will spend this funding.

MCE agrees with the CEC on the urgent need to spend this portion of EBD funds to both deliver benefits to historically underserved communities now and to pilot additional program approaches relevant for scaling its larger program. If the CEC intends to start spending these funds in 2024, a public selection process should start promptly with few months remaining in 2023. The proposed funds represent a significant amount of public dollars during a historic budget deficit and a significant percentage of state funds committed to these essential equity goals.

In service of the scale, scope and goals of this investment, MCE recommends that the CEC establish a public process to select programs to receive interim funding as described below.

- **Summer 2023:**
 - CEC issues a scoped, public solicitation for program proposal abstracts (sample length of 5 pages). The CEC may include the required elements for proposals and timelines for administration.

- MCE recommends the CEC require a letter of support from an equity-focused community-based organizations (“CBOs”) to center community leadership on program design.¹⁴
- Potential program administrators submit proposals to the Commission.
- The Commission seeks equity-stakeholder feedback on proposals via workshop or comment opportunities.
- **Fall 2023:** CEC selects proposals for funding.
- **By January 2024:** Due to the CEC’s urgency around spending these interim funds, MCE recommends programs must launch by January of 2024.

As stated in its comments on the RFI, MCE administers three complementary EE programs with decarbonization and equity focuses well suited to support the Commission’s EBD implementation efforts: the [Multifamily Energy Savings \(“MFES”\) Program](#),¹⁵ [Low-Income Families and Tenants \(“LIFT”\) pilot program](#)¹⁶ and [Home Energy Savings \(“HES”\) program](#).¹⁷ MCE believes that a significant amount of customers could benefit from electrifying their homes through these existing MCE programs if the CEC were to provide additional funding to MCE starting in 2024 and until the new DI program is established. All three programs are direct-install programs with an equity focus, they are already up-and-running with existing implementers, contractors and administrative structures, and they support the same priority customer groups.

In service of equitable outcomes, streamlined administrative actions, and ensuring a pathway for comments from equity stakeholders and transparency of general fund spending, MCE requests the Commission establish a public process to select programs to receive interim funding under this category. MCE thus recommends that the CEC establish a public process to provide transparency and equitable opportunities for its Support for Existing Programs funding.

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¹⁴ Assembly Bill 209 (2022) section 25665.3 (b).

¹⁵ The Multifamily Energy Savings Program (“MFES”) provides residential energy efficiency and electrification improvements to affordable multifamily properties in the MCE service area.

¹⁶ The Low-Income Families and Tenants (“LIFT”) program, launched as a pilot in 2018, reduces energy burden and improves the quality of life of residents in income-qualified multifamily properties in MCE’s service area. The Program offers energy efficiency, electrification, and health, safety, and comfort upgrades through a grant from the California Public Utilities Commission (“CPUC”).

¹⁷ MCE’s Home Energy Savings (“HES”) is a direct install program that provides energy efficiency and building electrification ready home assessments, and home upgrades to eligible single-family (up to 4 attached units) homeowners and renters in MCE’s service area. This program targets customers in Disadvantaged Communities whose household income falls between 200-400% of the Federal Poverty Guidelines (“FPG”); *See also* RE: Marin Clean Energy on the Request for Information RE: Equitable Building Decarbonization Program (DOCKET NO. 22-DECARB-03)(describing Home Energy Savings Program, Multifamily Energy Savings Program and Low-Income Families and Tenants Program), pp. 7-10.

III. Coordination with Load Management Programs

MCE recommends the Commission update the Draft Guidelines to require that PAs and/or implementers of the EBD DI program provide educational information to participants on beneficial load shifting and demand response (“DR”) programs. As California’s grid reliability challenges continue with a disproportionate impact on EBD eligible households, MCE recommends the CEC ensure greater integration of equitable decarbonization and demand management programs. Greater participation in peak demand management programs benefits the grid, California as a state through more reliable service, and can also lead to financial benefits for participating customers.

MCE recommends that PAs and/or implementers *educate and encourage customers to participate* in demand management programs. However, MCE does not recommend the CEC establish a requirement for EBD-funded resources to enroll in a DR or load shifting program. The CPUC’s Self-Generation Incentive program (“SGIP”) Heat pump water heater (“HPWH”) sub-program recently established a requirement for HPWHs incentivized under the program to enroll in a CAISO-market integrated DR program. MCE does not recommend the EBD program do the same because of the risk of undermining the equity focus of EBD.

Ensuring enrollment and participation in an additional program adds complexity and risks creating barriers to accessing EBD funding. No potential participant should be denied the EBD program because of potential barriers to DR program enrollment. Instead, MCE recommends that the EBD program encourage customers to participate in demand management programs by sharing information about such programs, highlighting their benefits and connecting the customers with resources on any desired next steps.

MCE anticipates more demand management program offerings in the future and that current program offerings will continue to evolve. MCE therefore requests the Commission update the list of demand management programs and educational resources on an iterative basis with its partnership.

IV. Conclusion

MCE looks forward to continuing engagement with the CEC and stakeholders to ensure affordable access to building decarbonization and clean energy technologies in its service area and across California.

Sincerely,

/s/ _____
Wade Stano
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Senior Policy Counsel
MCE

Dated: June 30, 2023