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City of Sacramento Comments - Draft Guidelines for the Equitable Building Decarbonization Direct Install Program

Please refer to attached comments.

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

City of Sacramento Comments Re: Draft
Guidelines for the Equitable Building
Decarbonization Direct Install Program

June 30, 2023

**Comments of the City of Sacramento on the Equitable Building Decarbonization Program Draft
Guidelines**

The City of Sacramento appreciates the opportunity to provide comments to the California Energy Commission (CEC) to inform development of guidelines for the Equitable Building Decarbonization Direct Install Program.

The City of Sacramento supports the CEC’s efforts to reduce greenhouse gas emissions from buildings through building electrification. The City has committed significant resources to plan for and implement greenhouse gas reduction efforts through building electrification and other measures. The City of Sacramento’s Draft Climate Action & Adaptation Plan includes a measure to transition all existing buildings to carbon-free electricity by 2045, with an action to develop an Existing Building Electrification Strategy that identifies associated costs and addresses potential equity impacts. Sacramento’s City Council has adopted policy guidance to prioritize development of the strategy (including [Resolution No. 2021-0166](#)) to establish a policy roadmap to implement the existing building decarbonization measure. Analysis completed in support of the [Existing Building Electrification Strategy](#), which is scheduled for release of a public review draft late this summer, projects on bill savings for all residential customers following electrification. SMUD, Sacramento’s electric utility, has adopted a 2030 Zero Carbon Plan, which will maximize the greenhouse gas reduction benefits of building electrification within the SMUD territory.

The City of Sacramento provides answers to select questions from the May 17th Staff Workshop on the Direct Install Program Guidelines, below.

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

The three regions outlined in the draft guidelines are very large and may pose challenges for administrators and CBOs. CBOs that are best positioned to achieve stated program goals are, by design, community centered. The City of Sacramento is concerned that a single CBO might not have the capacity

to effectively reach multiple areas of the state. Maintaining an administrative region that comprises one-third of the state might create advantages for communities that have an existing relationship with the selected administrator, and disadvantages for communities that do not have existing relationships with the selected administrator. The City of Sacramento recommends reducing the size of the administrative regions to enable closer integration of local agencies and CBOs to effectively meet the needs of the state's diverse communities. Alternatively, if the three regions remain as drafted, we recommend considering requirements or supportive scoring for additional administrators and/or requiring that sub-regionally and locally focused CBOs be integrated as part of the program structure to ensure that localized relationships can be accessed to drive program implementation. In addition, collaboration with local electric utilities in selected program areas should be included as part of the program administrative structure to maximize leveraging of existing incentives and ensure adequate and timely infrastructure improvements.

What specific activities do you believe will be the most important for participating CBOs to lead or engage in?

Participating CBOs should support culturally competent outreach and education about electrification. To be effective, the program must overcome mistrust that prospective participants may have about direct government interventions in their home. CBOs with existing community relationships are ideally positioned to support culturally competent outreach and education that facilitates broader program participation in eligible communities. In addition to outreach to encourage program participation, CBOs should provide support for participants to complete necessary income verification, particularly for seniors and for multi-unit properties where income verification is likely to be the most challenging. All CBOs should be fully compensated for all education and outreach-related tasks they undertake for CEC programs.

The tenant protections outlined in the guidelines are valuable, and CBOs should provide support for implementing tenant protections and providing outreach to individuals about the protections they have as program participants. Because this program comes with no cost to participants, the CEC has a real opportunity to ensure strong tenant protections as part of the contract for program participation.

Program criteria should prioritize projects supported by CBOs that also provide support for connecting participants to other relevant programs, such as the Low-Income Weatherization Program to maximize benefits of retrofits for participants. Electrification projects often reveal other condition issues in properties that will need to be addressed, and the Equitable Building Decarbonization Program may not be equipped to complete all necessary repairs. Early pilots in Sacramento indicate that complementary home rehabilitation improvements, like roof or window repair, or critical habitability improvements, often more directly respond to resident priorities and needs. More basic repairs may provide necessary incentive for participation, which electrification alone may be unable to facilitate. CBOs play an important role understanding participant needs and addressing their priorities, while translating electrification and its complementary aspects into relevant outcomes for disadvantaged residents.

CBO partnership is also key to ensure holistic program delivery. CBOs play a critical role in identifying and leveraging complementary programs, which may vary by sub-region and municipality. CBOs should serve as program liaisons to facilitate participant signups and ensure that participants are able to navigate multiple program requirements and minimize disruption to participants.

Lastly, CBOs should play an important role in program outreach and enrollment. CBOs often serve as trusted partners, filling a shortcoming of many potential program administrators. Third-party program administrators that are new to communities may lack the legitimacy of local CBOs. For example, some communities may have distrust of new energy-focused and quasi-public programs. Participation by CBOs with existing local programs and relationships can help ensure trust and participation.

Would you suggest any changes to the proposed criteria for identifying initial community focus areas?

We broadly support the draft criteria for initial focus areas, particularly prioritizing projects that will deliver ongoing bill savings for participants; through our own in-depth analysis, we have concluded that this will be a critical element of delivering equitable electrification projects. The CEC should also consider energy burden as a factor in prioritizing communities, in addition to utility savings.

We recommend removing “Communities underserved by existing programs that fund building decarbonization, weatherization, and related measures”. We believe that leveraging existing building electrification programs and organizational infrastructure can drive market formation and workforce development, maximize greenhouse gas reductions, and drive down costs for subsequent electrification projects.

Based on pilot projects in process in Sacramento, we see a need to stack programs to effectively drive electrification, particularly in under-resourced and Disadvantaged Communities. Building electrification, particularly for low- and moderate-income households, can uncover other building condition issues that are not covered by the Equitable Building Decarbonization program. Therefore, the presence of other supportive programs will be essential to the completion of some projects. As noted above, we have found that leveraging complementary programs has been critical to advancing electrification in under-resourced and Disadvantaged Communities.

Would you suggest changes to proposed income verification requirements?

We recommend an income verification process that is as simple as possible while maintaining program goals of serving low- and moderate-income households. By orienting the program to leverage complementary efforts, program administrators can rely on existing verification processes that do not overburden participants. For example, for projects in the Sacramento region, we recommend that enrollment in SMUD’s Energy Assistance Program Rate would be considered sufficient to satisfy the requirements for income verification.

Would you suggest different or additional household/property targeting criteria?

Consistent with our recommendations to center the program criteria on the needs, we recommend consideration of energy burden and housing condition factors to prioritize high-need households. For example, early pilots in the Sacramento region have included households that did not have functioning air conditioning or home heating systems, or those that required reliable electricity to power home medical equipment. Even if electrical use may increase overall, these investments prepare households to better manage climatic conditions, while equipping them to thrive even in a warming climate. This approach also advances home stabilization and helps to keep residents in their homes.

As a potential program priority, the CEC could consider targeting homes that use propane or other space heating fuels that are not tied to natural gas system. Targeting these homes maximizes economic and climate benefits, increases safety of the housing stock, and minimizes impacts to remaining gas customers.

Would you suggest changes or additions to the lists of required, eligible, and ineligible measures?

Though the City of Sacramento is supportive of funding for panel upsizing and rewiring when needed, program guidelines should seek to avoid unnecessary panel upsizing. Circuit sharing devices and other means to avoid unnecessary panel upsizing should be included as eligible measures.

Equipment used in retrofits through the Equitable Building Decarbonization program should meet criteria for the Inflation Reduction Act (Energy Star rating) to maximize potential to stack with IRA funding and streamline program guidelines.

Pilot work in the City of Sacramento suggests that major building condition concerns such as roof and foundation issues are common in eligible homes. Thus, the City of Sacramento recommends prioritizing projects that leverage complementary programs and investments to address these significant barriers to electrification retrofits.

Do you have input on the proposed approach to program coordination and incentive layering?

The Equitable Building Decarbonization program should have a clear process to facilitate incentive layering. Draft guidelines specify that other program funding should be used first, when possible, but does not provide guidance on what will happen if another program has the same provision.

The program should be mindful of participating and eligible contractors, as other incentive programs sometimes have specific contractor lists. The Equitable Building Decarbonization Program should seek to maintain flexibility with selection of contractors to ensure that participants can maximize opportunities from other programs.

Further, this program provides a significant opportunity to train and expand the number of contractors that refocus their business on the installation of electric equipment. As contractors are a first contact for households replacing HVAC and water heaters, this reorientation of contractor business practices can provide an important lever for driving subsequent household electric equipment selection for households beyond the reach of this program. Prior to program implementation, the CEC and/or program administrators should conduct outreach to participating contractors for other incentive programs in designated focus areas to prepare those contractors to participate in both programs. Ensuring all participating contractors have adequate education and training on heat pumps is also critical.

Further, we recommend that program administrators engage with local agencies, as they can play an important role in supporting building electrification and promoting retrofit opportunities to the public.

Would you suggest additional tenant protections? What services would tenants need to ensure that the proposed tenant protections are effective? Can you suggest specific organizations that could provide these services?

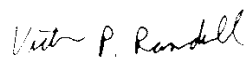
There is an existing provision in the guidelines that building owners should sign an agreement that they will not raise rent *due to improvements provided by the program*. This provision, as written, leaves the door open for building owners to raise rent for unspecified reasons and not run afoul of the agreement. We encourage establishment of program terms to ensure that building owners commit to stabilized rent and/or not selling the property for a specified period following program participation, regardless of reason. One possibility is that the agreement could be recorded as a deed restriction. If this is done, this task should be added to the administrator's responsibilities. The length of the period will need to be carefully balanced so that it does not become a disincentive for participation by property owners.

Would you recommend changes or additions to the proposed workforce standards and requirements?

The City would support program criteria that link electrification projects to strong workforce development programs that offer skilled training and on-the-job work experience opportunities. Under-resourced communities that are good targets for program implementation will, in many cases, also be ideal neighborhoods in which to extend equitable economic benefits by pairing the work with workforce training opportunities. Access to high quality jobs associated with building electrification can benefit families in under-resourced communities, while facilitating increased support for electrification efforts that can also deliver ongoing bill savings to families that can benefit greatly from this economic benefit. The program should prioritize funding projects that can leverage existing electrification workforce development programs that are scalable, including those administered by utilities and trade unions. We also recommend streamlining participation by contractors that are already registered with other incentive programs, such as TECH and utility programs. Finally, we recommend providing a preference for local contractors within the communities served by the program.

Thank you for your consideration of these comments. Should you have any questions, our team is available and happy to answer questions. For further information, please contact Laura Tuller, Associate Planner, at LTuller@cityofsacramento.org or 916-808-3546.

Sincerely,



Vic Randall
Senior Planner
City of Sacramento