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BayREN comments re CEC Inflation Reduction Act Residential Energy Rebate Programs RFI

See attached document.

Additional submitted attachment is included below.

January 26, 2024

California Energy Commission
Docket Unit
MS-4
Re: Docket No. 23-DECARB-01
715 P Street Sacramento, CA 95814
Sent via email only to: docket@energy.ca.gov

Project Title: RFI Inflation Reduction Act Residential Energy Rebate Programs

Dear Commissioners and Staff,

Bay Area Regional Energy Network (BayREN) is pleased to submit these comments and recommendations regarding the CEC Request for Information (RFI) Inflation Reduction Act Residential Energy Rebate Programs (HOMES Program).

As a California Public Utilities Commission (CPUC) authorized energy efficiency program administrator, BayREN currently delivers a suite of energy programs that benefit Californians. As of 2024, these programs include local and now a statewide offering to improve the energy performance of the residential sector. The CPUC has recently authorized energy efficiency program administrators to layer in integrated demand side management (IDSM) elements, and BayREN is adapting its programs accordingly. It is anticipated that the braiding of resources between federal, CPUC, CEC, and local governments present a critical pathway to decarbonization across building and transport sectors.

The Association of Bay Area Governments (ABAG), along with its nine county BayREN partners, offer programs that can be braided with the HOMES program. In order for the CEC to maximize the benefits of the HOMES program, these comments offer unique insights and specific recommendations to be included in the forthcoming program guidelines.

In response to the RFI we recommend:

- Braiding only the low-income set-aside (40% of budget) of the HOMES program with the Equitable Building Decarbonization Direct Install program, while leaving the remaining balance of the HOMES program budget without the restrictions of income and geographic targeting in a more flexible program delivery model.
- Increasing the minimum 10% Multifamily low-income set-aside to an amount that is proportionate to the percentage of multifamily housing units or percent of the sector's energy demand forecast in relation the California building stock (i.e. approximately 30-40%).

- Incorporating bill impact analysis from fuel substitution into the implementation of the program to address solutions to the barriers of increasing electricity costs. Electricity rates, such as virtual net metering, income graduated fixed charges, and net billing tariffs are outpacing fossil gas rate escalations, thereby providing disincentives for Californians to electrify and add distributed energy resources.
- Clarifying calculation methodology for determining AMI given thresholds can vary greatly throughout the State.
- Hosting regional workshops to facilitate program coordination between the Equitable Building Decarbonization Direct Install program and regional contractor networks.
- Directly coordinate with CPUC Energy Efficiency Rolling Portfolio Program Administrators, including Regional Energy Networks, Community Choice Aggregators, and Investor-Owned Utilities via a Coordinating Committee in the single family and multifamily housing sectors respectively.
- Encouraging the braiding of distributed energy resource programs to hedge the risk of rate design uncertainty.
- Encouraging an emphasis on maximizing the benefits of the flexible demand appliance standards and include quality assurance procedures to uplift the workforce and customer adoption of technologies that provide integrated demand side and grid benefits simultaneously.
- Considering opportunities for career development of contractors who are entrenched in gas industry trades to re-direct to electrical industry trades.
- Working with Program Administrators throughout program design and implementation via a Coordinating Committee in the single family and multifamily housing sectors respectively.

We support the CEC's proposal to braid the HOMES program to the Existing Building Decarbonization Direct Install program for the DOE prescribed 40% of budget to low-income at 80% of AMI, and 40% of Budget to Justice 40 Disadvantaged Communities. However, we recommend leaving the remaining balance of the HOMES program budget without the restrictions of income and geographic targeting in a more flexible program delivery model. This will provide the opportunity to both bolster the budget of the Existing Building Decarbonization Direct Install program while also allowing for innovation in layering this Federal funding with the patchwork of other programs throughout the state serving the residential market. It will serve to simplify and reduce overall program administrative costs associated with income verification. It will provide more equal access to these resources for middle income Californians throughout the state who are anticipating the arrival of this funding, and who are also housing burdened and struggle to find resources to upgrade their buildings with technologies which are still more expensive than lower efficiency/gas alternatives. It will reduce duplication with the other substantially funded low-income programs such as Energy Savings Assistance (ESA), Low Income Weatherization Assistance Program (LIWAP), the CPUC's ratepayer funded Equity segment portfolio and the IRA HEERA program.

While we value the emphasis on addressing low-income and underserved populations, we also urge the CEC to not lose sight that as a State we have yet to achieve incrementally significant market adoption and mainstreaming of decarbonization practices in a broader segment of the State's existing building stock.

BayREN has been serving the multifamily sector for a decade with its award-winning[1] Bay Area Multifamily Building Enhancements Program (BAMBE) and has deep experience with the challenges this building segment faced to deploy energy efficiency. For these reasons, we recommend increasing the set-aside to serve low-income Multifamily Housing from the DOE prescribed minimum of 10% to something that is more proportionate to the percentage of low-income multifamily housing units or percentage of the sector's annual energy demand forecast in the California building stock (approximately 30-40%). Additionally, we recommend that any programs targeting Multifamily housing be carefully designed to the unique needs of this sector and not blended with programs designed primarily to serve single family housing.

We recommend that the CEC incorporate bill impact analysis from fuel substitution into the implementation of the program. It is a universally agreed upon goal for energy efficiency and fuel substitution programs to achieve energy cost savings, especially for lower income residents, and it is a stated objective in major electrification initiatives such as SB 1477 (the enabling legislation for TECH & BUILD), for example. However, bill savings from fuel substitution do not always materialize. In fact, due to high electricity rates utility bills may see a net increase after electrification projects. The braiding of programs should include the addition of distributed energy resources that hedge the uncertainty of rate design and afford off-balance sheet financing. The program should also encourage the braiding of distributed energy resource programs to hedge the risk of rate design uncertainty. The program should encourage an emphasis on maximizing the benefits of the flexible demand appliance standards and include quality assurance procedures to uplift the workforce and customer adoption of technologies that provide integrated demand side and grid benefits simultaneously. The state should be coordinating with CPUC Program Administrators (RENs, CCAs, and IOUs) on these issues to share data and analysis on how bill impacts either encourage or disincentivize electrification.

We recommend the CEC clarify how AMI thresholds will be calculated and urge the Commission to adopt a [county-level] AMI methodology. Depending upon the geographic inputs in an AMI calculation (e.g. AMI of County, City, Metro Region, State) the household income that meets an 80% AMI threshold will vary greatly.

We recommend the CEC clarify how the Equitable Building Decarbonization Direct Install program will overlap with regional contractor networks. The CEC should actively coordinate contractor qualifications with existing programs in order to leverage the networks and diversify their business opportunities and number of programs they can layer.

We recommend that the CEC consider how contractors whose careers, business models, and livelihoods are entrenched in gas industry trades (e.g. gas pipe setting, combustion appliance installation and testing) can be provided career redevelopment opportunities (rather than short trainings/certifications) to move into trades that support electrification.

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[1] https://www.aceee.org/research-report/u1901.

The CEC should actively work during program design and throughout implementation with Program Administrators via a Coordinating Committee, and host dedicated statewide and regional workshops during the life of the program for the single family and multifamily housing sectors respectively, to address issues such as:

- Mapping of the overlaps between Federally funded and existing programs (IOU, REN, CCA, ESA, LIWP, CEC DECARB).
- Streamlining and centralizing application processes.
- Coordinating outreach messaging and branding to consumers.
- Engaging CBOs as implementation partners.
- Standardizing contractor credentials – to expand the pool of trained contractors and ensure QA/ integrity of work.
- Ensuring incentives can layer to cover measures as well as full cost of construction (e.g., roof upgrades, panel upgrades, necessary electrical upgrades for electric end uses, health and safety, permitting, etc.).
- Standardizing data tracking of customers & contractors receiving incentives from multiple sources.
- Tracking incentives at different points in the supply chain (e.g., point of sale, consumer installation, tax credit etc.) to ensure the incentives don't exceed cost of construction.
- Establishing which incentives should be given priority against the cost in a loading order for customer to receive incentives (in cases where double dipping is a concern).
- Minimizing administration costs by leveraging existing delivery channels rather than recreating entire implementation infrastructure.
- Standardizing energy savings calculations methodologies where deemed savings or calculated savings are applied.
- Aligning various assessment protocols between HERS, BPI, DOE HES, Energy Plus, CBECC RES, etc.
- Developing metrics and tools to assess the trade-offs between bill savings, overall fuel savings and GHG savings.

We respectfully submit these comments based upon our experiences implementing programs and we applaud the CEC's intent to provide meaningful engagement in the development of the HOMES program.

BayREN commends the CEC in launching an ambitious, flexible, achievable, and expeditious program that leverages California's existing and new investments in climate equity.

Sincerely,

Jane M. Elias
Director, Energy Section
Bay Area Regional Energy Network