Comment Received From: Franklin Energy / Lloyd Kass
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Docket Number: 22-DECARB-03

Input on EBD Draft Solicitation Materials

Additional submitted attachment is included below.

FRANKLIN ENERGY™

March 29, 2024

California Energy Commission
715 P Street
Sacramento, California 95814

Subject: Equitable Building Decarbonization Program Draft Solicitation Materials (22-DECARB-03)

Dear California Energy Commission Staff and Commissioners:

Franklin Energy respectfully offers comments regarding the California Energy Commission (CEC) Equitable Building Decarbonization Program Draft Solicitation Materials (Docket No. 22-DECARB-03). Thank you for the chance to give input on this critical initiative.

Franklin Energy has been delivering turnkey energy efficiency and demand management programs across California since 2007. We work closely with the CEC, investor-owned and municipal-owned utilities, RENs, and CCAs, and have delivered California's Department of Community Services and Development's (CSD) Low-Income Weatherization Program (LIWP).

The Equitable Building Decarbonization (EBD) will play a welcome and foundational role as California forges a path toward energy affordability, equity, air quality, grid reliability, and economic development. The draft EBD solicitation documents issued on March 11 and addressed during the March 14 online workshop are thorough, thoughtful, and consistent with the program vision discussed and documented throughout the 22-DECARB-03 docket proceeding. We ask the CEC to consider the following recommendations:

1. **The Commission should revisit its reading of federal rules that would prohibit Regional Administrators from including profit in RFP response budget forms.**

   In the "Draft EBD Direct Install Solicitation Manual" and "Draft Solicitation Federal Terms and Conditions," and during the March 14 Pre-Solicitation Workshop, the CEC indicated that the Regional Administrators will be considered federal grant Subrecipients in the RFP, and subject to CFR 910.358 for limitations pertaining to profit or fees. This reading of the rules would eliminate any for-profit proposer from participating in the EBD solicitation. In the EBD Program proceeding (Docket No. 22-DECARB-03) and elsewhere, Franklin Energy and its industry peers have actively contributed to the development of this program design, offered best practices, expertise, and technology platforms, and demonstrated the on-the-ground experience to reach the CEC's important, multidimensional policy goals. This reading of the federal rules would also relate to the federal Home Electrification and Appliance Rebate Program (HEEHRA, or 50122) and have ramifications in each of the U.S. states, territories, and tribes receiving these funds.

At first glance, a zero-fee approach to budgeting may appear to be prudent stewardship of public funds, but experience with similar programs suggests otherwise. The current situation with the DOE's Bipartisan Infrastructure Law (BIL) funding for CSD shows the unintended result of this policy. Over $28M is available to fund Weatherization Assistance is sitting unused because even the traditional recipients of this funding, non-profit Community Action Partnerships (CAPs), cannot accept it. The lack of operational fees requires them to subsidize federal funds to deliver the program, which is a non-starter for them. This illustrates the real-world consequences of well-intentioned policies implemented without sufficient attention to the needs of program delivery.

Franklin Energy does not believe that this is the intent of federal lawmakers, the Department of Energy or the corresponding 50121 and 50122 guidelines the agency has issued. We recommend that the CEC EBD team request clarification of these rules concerning profit to meet its aggressive goals, particularly given the complex operational requirements of integrating two major sets of program requirements across three different regional administrators.

2. **Franklin Energy concurs with the concerns posed by several commenters during the March 14 Pre-Solicitation Workshop over the proposed 5% administrative budget cap on Regional Administrators.**

In a May 2023 report titled *Toward More Equitable Energy Efficiency Programs for Underserved Households*, the American Council for an Energy-Efficient Economy (ACEEE) references four key barriers to program participation for low-income and disadvantaged communities: "....(1) lack of knowledge, (2) perception of programs as not relevant, (3) mistrust of program legitimacy and providers, and (4) low prioritization of energy efficiency compared to other more basic needs." The target participants of EBD are "hard-to-reach" for a reason. The time and effort required to market to these households can be significant, variable, and unpredictable.

Franklin Energy supports the need to fund the outreach work provided by CBOs (Community Based Organizations) outside the 5% administrative cost cap. This type of usage-targeted, neighborhood-based outreach is untested in California, and where similar efforts have been tried (e.g., the San

Joaquin Valley project), it has seen limited success. In addition, in D.09-09-047 on page 369, the CPUC issued the guideline for utility programs to target a budget of less than 6% for Marketing, Education and Outreach (ME&O) costs. ME&O includes general program Marketing to build awareness and knowledge of the program (barrier 1) and customer Outreach to customers to enroll them (overcoming barriers 2, 3, and 4). As a CPUC policy guideline, this can be exceeded for compelling reasons.

Furthermore, the U.S. Department of Energy's own "Program Requirements & Application Instructions" for Inflation Reduction Act Home Energy Rebates affirm the need for financial flexibility when it comes to outreach in disadvantaged communities. The definition of "Rebate Funds" on page 8 of this guidance explicitly calls out disadvantaged communities as an eligible cost, instead of requiring it only to be budgeted as an administrative cost. The federal guidance caps administrative costs at 20% and yet outreach can be funded outside of this limit.

The CEC should consider funding general-purpose marketing separate from the three Regional Administrators' administrative budgets for cost efficiencies and to maintain brand consistency across the State. This general-purpose marketing could include outdoor advertising, radio, podcast, social media buys, program website, and brand standards. Franklin recommends setting aside at least 6% for ME&O, and 10% for general administration.

3. **Franklin Energy recommends that Draft Scope of Work, Task 3 – which calls for the Regional Administrators to use a single platform for data management specify use of a single, BPI–2400–compliant home assessment tool set statewide.**

Franklin Energy is supportive of the CEC's plan for each Regional Administrator to propose a software platform for project tracking, data collection, and reporting, and to select a single system for all Administrators to use. For consistency with Section 50121 of the Inflation Reduction Act, to jointly implement HOMES and EBD, any home assessment tool selected should comply with the BPI-2400 Standard. BPI-2400, established by the Building Performance Institute, is an approved standard practice for quantifying whole-house energy savings predictions through calibration of energy consumption history. Later this year, the Department of Energy, in collaboration with the National Renewable Energy Laboratory (NREL) will be vetting and approving established home assessment software tools for compliance with BPI-2400. The EBD program benefits by using a single NREL-approved tool in all three regions that can screen homes for both HOMES (modeled) eligibility and EBD decarbonization measures.

Our teams experience in the utilization of modelling software in the delivery of Whole Home programs like Advanced Home Upgrade and others around the nation indicates that the standardization of data inputs, and quality of data collection in the field is crucial to generating reliable results. When serving Equity customers, and with electrification measures especially, quality forecasting of energy outcomes is crucial to avoiding negative bill impacts. Therefore, the three principal concerns at the site-assessment stage of every project must be quality data, a quality modeling engine, and quality measure selection.

Furthermore, quality data capture, with a consistent approach across all three regions, allows for iterative improvements during implementation phase and can inform subsequent efforts. Throughout California's varied climate zones, micro-climates, and rich base of cultures and traditions, various combinations of measures in various communities will have different regional and even community-level results. Following the "do no harm" principle, we support community-level analysis for base case and retrofit conditions. It is not enough for decarbonization to work for the state in aggregate, it must work for local communities, particularly those underserved and historically exploited by unscrupulous home retrofit offers. Positive results build trust. The EBD and HOMES programs are a first, big step toward California's decarbonization; it is paramount to deliver beneficial impacts for disadvantaged and underserved communities at the local level, not only for EBD but those that programs that follow.

On behalf of Franklin Energy, we appreciate this opportunity to provide comments on this important matter. If you have any questions about these recommendations, please do not hesitate to contact me at lkass@franklinenergy.com.

Sincerely,

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