BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of Energy Savings Assistance and California Alternative Rates for Energy Programs and Budgets for 2021-2026 Program Years. (U39M.)	Application 19-11-003 (Filed November 4, 2019)
And Related Matters.	Application 19-11-004 Application 19-11-005 Application 19-11-006 Application 19-11-007

**OPENING COMMENTS OF THE
CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS**

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I. INTRODUCTION

The California Efficiency + Demand Management Council[1] respectfully submit these Opening Comments on the Administrative Law Judge's Ruling Seeking Comments, mailed in these proceedings on June 25, 2020 ("June 25 ALJ Ruling"). These Opening Comments are timely filed and served pursuant to the Commission's Rules of Practice and Procedure and the instructions accompanying the June 25, 2020 ALJ Ruling. These Opening Comments have also been filed concurrently with the Council's Motion for Party Status in these proceedings.

The June 25 ALJ Ruling seeks comments from stakeholders to obtain further clarification and information regarding aspects of the California Alternate Rates for Energy ("CARE"), the Family Electric Rate Assistance ("FERA") and the Energy Savings Assistance ("ESA") Programs.[2] Attached to the June 25 ALJ Ruling is Appendix A which is the "Energy Division Staff Proposal (Final) – June 2020 Energy Savings Assistance Program Goals for the Years 2021-2026" ("Staff Proposal").[3] Pursuant to the instructions in the Ruling, the Council responds to questions regarding the Staff Proposal set forth in Appendix B to the June 25 ALJ

[1] The views expressed by the California Efficiency + Demand Management Council are not necessarily those of its individual members.
[2] June 25 ALJ Ruling, at p. 1.
[3] Appendix A to the June 25 ALJ Ruling.

Ruling.[4] The Council does not respond to any questions that have been directed to the investor-owned utilities ("IOUs") only.

II. BACKGROUND & GENERAL COMMENTS

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.[5] Our member companies employ many thousands of Californians throughout the state. They include energy efficiency ("EE"), demand response ("DR"), and grid services technology providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of EE products and equipment. The Council's mission is to support appropriate EE and DR policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

In addition to The Council's responses to the individual questions posed in the June 25 ALJ Ruling, we wish to raise two general issues:

1. **The Energy Savings Assistance Common Area Measures ("ESA CAM") does not have the continuity it requires to be successful.** PG&E's ESA CAM program, in particular, recently achieved its enrollment target and has stopped accepting new applicants for the 2016 – 2020 program cycle but with no clear date as to when the 2021 program will open for enrollment. Owners of properties interested in participating are being put on a "wait list", but in reality, this waitlist approach has a threefold negative impact.

   First, it creates uncertainty for the contractors that participate in the program, potentially requiring contractors to lay off their workforces who specialize in ESA CAM while they wait for the widening gap of project work to materialize. Second, it creates uncertainty for real estate owners trying to plan their budgets who are ready to have project work done at their properties, forcing building owners who have failing equipment to wait until the program comes back, or make a replacement with low-

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[4] June 25 ALJ Ruling, at p. 1.

[5] Additional information about the Council, including the organization's current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at http://www.cedmc.org. The views expressed by the Council are not necessarily those of its individual members.

efficiency equipment and losing the opportunity to drive valuable energy savings. And third, for program implementers, they are left with a gap in work for their workforce, followed by a later burden of reaching out to a waitlist that could become dozens or even hundreds of properties long.

All of this comes at an inopportune time, as it takes 18 months to develop a typical ESA CAM project: from initial outreach to owners, to making site visits by the program and contractors, to scope development, and construction. The current PG&E ESA CAM program year was continuously developing projects from April 2019 onward, putting it in a much better position to meet current program cycle targets. The Council is concerned that this lack of continuity will undermine the success of the 2021 program year, particularly given that December 2021 is less than 18 months away. Further, it will reduce cost-effectiveness due to workforce inefficiencies for both contractors and program administrators, and those costs will ultimately be borne by ratepayers in the form of higher project costs. As such, the uncertainty created by the pause in enrollment today is undercutting the success of the 2021 program. At the same time, the Staff Proposal is rightly planning changes to ESA that can improve future outcomes driven by this important program. It is critical that the program administrators are given the time necessary to incorporate the proposed changes into the operating procedures for both the ESA in-unit and Common Area Measure programs.

The Council believes the solution to maintaining continuity, while giving time for the big decisions to be worked out, is for ESA CAM to have clear access to bridge funding in order to maintain program continuity. The Council requests clarifications by the Commission on past Advice Letters and CPUC Decisions. Specifically, PG&E Advice Letter 4131-G-A/5614-E-A and D.19-06-022 pertaining to bridge funding authorized unspent ESA CAM funds remaining at the end of 2020 to be used in 2021, but not to allocate new bridge funding for ESA CAM.[6,7] The Council's reading of the language in these two documents appears to indicate bridge funding is limited to ESA in-unit. This appears incongruous with page 5 of the aforementioned PG&E advice letter, which states, "PG&E is not currently forecasting there will be unspent ESA Multifamily

[6] PG&E Advice Letter 4131-G-A/5614-E-A at 5. December 4, 2019.
[7] D.19-06-022 at 13.

Common Area Measures funds from the PYs 2017-2020...". Given the recent closure of the 2020 program to new enrollments, the need for ESA CAM to be included in bridge funding is all the more urgent. The Council requests the Commission ensure bridge funding is enabled to maintain continuity of the ESA CAM program as it has for the ESA in-unit program.

2. **The Commission should ensure that ESA can provide ongoing support, rather than just one-off in-home treatments**. This takes advantage of natural equipment replacement cycles, which will scale savings cost-effectively over time. To a certain extent, the tier concept gets in the way of this need for continual support, as it suggests that segmentation will be used to classify customers to be targeted for higher tiers of treatment, although all customers will be making equipment replacement decisions on an ongoing basis (many of which fall into Tier 2). Ideally, customers who would benefit from major retrofits could be targeted for those treatments as suggested. However, the measures currently listed under Tier 2 are common to all building owners (and some for renters). ESA should make sure that whenever these items are replaced, they are replaced with the most efficient options. Over time, these retail product purchases will add up to large savings per participating customer.

One way to introduce continual improvement and ongoing support into ESA is by leveraging the IOU online marketplaces established in response to AB 793. With the digitization of the energy sector, and the near-ubiquitous use of smartphones and the shift to online retail (which has accelerated under COVID), the time is ripe for ESA to augment the traditional direct install delivery model with an online retail product channel. Doing so would bring ESA in line with state recommendations and strategies, such as, the 2019 California Energy Efficiency Action Plan which laid out a vision for the contribution that plug-load marketplaces can make to the goal of low-income and disadvantaged community energy equity by eliminating barriers.[8]

[8] California Energy Commission, "2019 California Energy Efficiency Action Plan", p. 73. November 2019.

In addition to these two overarching issues, the Council wishes to provide recommendations regarding several other ESA program requirements that, if modified, can better serve the low-income market in CA:

Standardize the definition of multifamily properties across all IOUs. The Council recommends the definition of multifamily be inclusive of campus-style properties that may include single, duplex, triplex, and fourplex building types, but may not have buildings with five or more attached units. These property types are often part of Housing Authority portfolios, located primarily in suburban and rural parts of the state such as the Central Valley, within Disadvantaged Communities. Due to the building type these properties have limited opportunities for energy efficiency programs, especially for treatment of common areas.

Provide a pathway for ESA CAM participation for deed-restricted properties with <65% of qualifying residents. The PG&E ESA CAM market assessment conducted during Fall 2018 estimated that over 50% of deed-restricted properties in higher-income counties, such as the greater Bay Area and coastal communities, would not qualify for ESA CAM as less than 65% of residents meet the Federal Poverty Level ("FPL") income requirements. The Council recommends the IOUs consider creating a program pathway where deed-restricted properties with <65% of qualifying residents could receive ESA CAM treatment, but with new program requirements. The Council recommends evaluation of properties turned away from current program participation due to <65% of residents qualified under current FPL income requirements.

Use Area Median Income as opposed to Federal Poverty Level ("FPL"): The Council recommends using a more geographically appropriate measure for income analysis, the Area Median Income ("AMI"). This is the metric that nearly all state and local government affordable housing programs and funding resources use for qualification and confirmation of deed-restriction, including low-income housing. For example, the Tax Credit Allocation Committee ("TCAC"), Housing and Urban Development ("HUD"), and US Department of Agriculture ("USDA") all use AMI. Aligning this ESA metric with other critical funding sources enables streamlining and more comprehensive work to be completed, which is critical considering most affordable housing owners are both cash- and resource-constrained (i.e. they do not have the staff to manage application and implementation of multiple programs). Eligibility alignment would also allow more projects to participate in and receive treatment from ESA.

Encourage experimentation with co-pays. The Council would like the Commission to clarify whether ESA can augment free statutory weatherization treatments with strategic measures that can be obtained with a co-pay. Given that customers would always have the option of receiving measures for free via the direct install channel and that they need to spend money to buy or replace products outside of direct install visits anyway, we believe a variety of retail co-pays can be justified and would improve ESA cost-effectiveness and reach.

III. THE COUNCIL RESPONSES TO APPENDIX B QUESTIONS ON THE ENERGY DIVISION STAFF PROPOSAL

1. Given the goals laid out in the Energy Division Staff Proposal (Staff Proposal) and suggested segmentation approach, how should the IOUs prioritize customer segments for treatment? Which customer segments have an immediate need and are the most vulnerable to climate change/bill impacts/energy use and should be treated first?

The Council believes that multifamily low-income properties are historically underserved and should be prioritized for treatment. Specifically, multifamily properties located in disadvantaged communities, the Central Valley, rural areas, and those located within a wildfire or Public Safety Power Shutoff ("PSPS") zones. These homes represent a significant opportunity to empower low-income households with reduced bills and safer, healthier, more efficient homes.

Another major ESA gap is addressing plug load and appliance ("PLA") measures, some of which are within the control of renters. One of the key recommendations coming out of the SB 350 Barriers Study was to "…ensure that low-income persons have product selection options and information necessary to avoid driving up their plug-load energy use…".[9] PLAs account for the

[9] California Energy Commission, "SB 350 Low-Income Barriers Study, Part A - Commission Final Report", p. 8. December 16, 2016.

vast majority of load growth and roughly one-third of total energy bills.[10,11] As highlighted in our general comments, this can and should be achieved by leveraging the IOU marketplaces and introducing a retail product channel to ESA.

2. **How can the Staff Proposals' suggested segmentation approach be used with the proposed auditing tool to recommend the most appropriate treatment among the three-tiered options? Are there other tools or approaches that would simplify program delivery to low-income households?**

The Council supports the idea of a segmentation approach to be used with an auditing tool for onsite treatment visits for single family properties; however, multifamily properties should be looked at with a whole building lens, not just at the individual household level. This is due to multifamily buildings serving low-income households often experiencing high turnover rates; energy efficiency upgrades for certain measure categories should be completed throughout the whole building, not only the individual unit level. For example, envelope measures such as attic and exterior wall insulation should be done throughout the whole building to ensure optimal performance of the measure. Customer segmentation for multifamily properties can be used to determine treatment among the tiered options at the whole building level.

To influence normal equipment replacement decisions outside of major onsite treatments, a market-based retail product approach is needed to complement the segmentation and tier approach to prioritizing onsite treatments. ESA should leverage IOU marketplaces to provide a bottom-up, market-driven approach that will ensure that every purchase is an efficient purchase, avoiding lost opportunities. Over time, ensuring that natural turnover is as efficient as it can be will add up to large savings per customer. Recognizing that these investments are being made without ESA, retail delivery channels such as online marketplaces would be highly cost-effective, if co-pays were authorized. This helps to offset the more costly deep retrofits delivered through traditional onsite treatments.

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[10] Natural Resources Defense Council, "Plug-In Equipment Efficiency: A Key Strategy to Help Achieve California's Carbon Reduction and Clean Energy Goals", Figure 2. April 2015. Available at: https://www.nrdc.org/sites/default/files/home-idle-load-plug-in-efficiency-IB.pdf

[11] Energy Information Administration (EIA), Residential Energy Consumption Survey Data, 2015. Available at: https://www.eia.gov/consumption/residential/data/2015/

3. How can the IOUs include renter participation in all treatment Tiers?

This is a complex question with many possible outcomes. The Council believes that, in addition to prioritizing multifamily low-income properties for treatment, the IOUs should offer an online portal where qualifying households could sign up for ESA by securely providing qualifying documentation to ensure they are entered in the system. This would supplement existing intake processes to avoid overlooking qualifying customers, particularly during the current COVID-19 crisis.

Additionally, a retail program delivery channel would enable renters to "purchase" plug loads at no cost to them via a co-pay (up to 100% of the value of the measure), independent of any ESA onsite treatments. Doing so would leverage measures highlighted in AB793 to address plug loads, as suggested by the 2019 California Energy Efficiency Action Plan.[12]

Lastly, the Council supports the idea of adding a resident education component to accompany ESA CAM treatments for all treatment Tiers. The Council also recommends that group training be considered to fulfill both in-unit and CAM training requirements in a single training.

4. The CPUC Affordability Proceeding (R.18-07-006) issued a proposed decision on June 4, 2020 for adopting metrics and methodologies for assessing the relative affordability of utility service. If this proposed decision is approved, how can the customer segmentation process described in the Staff Proposal be coordinated with affordability metrics in this proceeding? Specifically, how can areas with poor affordability metric scores be identified and prioritized for different Tiers of ESA treatments?

The Council recommends these metrics be included as one of the variables in the segmentation profile, and used to identify communities/properties with the greatest identified need to target for marketing and outreach. Additionally, the combination of their overall profile index (or the result of the segmentation), along with the results of the audit, could be used to determine the appropriate Tier of treatment – those with higher index (need) and with high savings potential would be eligible for the highest tier. And those with low need combined with low potential savings would not be eligible for the highest tier.

[12] California Energy Commission, "2019 California Energy Efficiency Action Plan", p. 73. November 2019.

5. **The Staff Proposal's Goal #1 for household energy savings is dependent on setting a baseline. Taking into account that the IOUs should be delivering a mix of Tiered treatments, how should this starting value, or baseline, from which to increase by at least 5 percent annually, be calculated? For example, the baseline could be calculated using the average household energy savings value for resource measures (annual kWh and therms per household) for program year 1 or the average savings per household the IOUs proposed in their applications for 2021, or another suggested starting value.**

    a. **Will the minimum 5 percent annual increase incentivize deeper energy retrofits, or are there other components that will?**

Historically, the ESA program has been focused on treating all qualified customers and ensuring all had the opportunity to participate in the program. The Staff Proposal suggests a dramatic shift to energy savings targets instead of the traditional homes treated goals. This shift would require an increase of 5% energy savings, year over year. With this new metric it is likely program implementers and sub-contractors will be motivated and compensated to focus on serving households with the greatest energy savings potential, which would leave some of the most vulnerable customers behind who would still greatly benefit from Tier 1 measures. Additionally, utilities are likely to see a growing population of low-income eligible customers as a result of the COVID-19 crisis. It is highly unlikely those new entrants have the opportunity to be served by ESA by the end of 2020. Although the energy savings from the lowest tier measures are likely limited, newly-eligible customers will still benefit from energy education, bill savings, and health, safety, and comfort improvements. However, in the proposed new structure they are likely to be left untreated, an extremely negative outcome that would set a bad precedent.

Simultaneously, The Council worries that the 5% savings goal is an arbitrary target that requires deeper investigation. The Council believes that setting energy savings goals is an important effort in incentivizing both reduction in bills for low-income households, as well as the achievement of the state's energy savings and climate goals. Critical to this goal-setting process is accurate assessment of the potential savings that can be captured. As outlined in the Council's comments on the Potential & Goals Ruling in the R.13-11-005, the Council recommends development of true estimates of technical, economic, and market potential.[13] Since low-income and disadvantaged communities are within the scope of the Commission's ongoing Potential & Goals study, there will be ample information from which to decipher the market potential available to meet these goals. Once the market potentials are developed and the levels of potential for ESA can be accurately characterized, a savings goal can be set that enables ESA to succeed in its efforts to lower bills for low-income households and drive valuable energy savings.

However, this is not a "set it and forget it" process; once the EE goals are set by the CPUC, we believe it is important that the CPUC establish a process by which those goals can be monitored and potentially adjusted to account for changing conditions. As the current COVID-19 crisis has shown, there are factors that can impact the ability for program administrators ("PAs") and implementers to meet their savings goals within the pre-defined timeframes. This is all to say that, while the Council appreciates the efforts of the Staff Proposal in seeking to provide finite energy savings outcomes for ESA, a data-driven approach is necessary to set an accurate and achievable goal.

b. In parallel with, or in place of the proposed 5 percent annual increase, how can the IOUs measure long-term customer value in relation to program costs, similar to the current Lifecycle Bill Savings to Program Cost Ratio metric?

Please see the Council's response to question 5.a.

6. Should the energy savings percentages by Tier (up to 5 percent for Tier 1, 5 to 15 percent for Tier 2, and 15 to 50 percent for Tier 3) remain as guidelines or be set as goals for the IOUs to meet?

The Council believes the energy savings percentages by Tier should remain as guidelines for the IOUs. While the Council always promotes energy savings, which benefits both residents and statewide energy and climate goals, there should be equal priority placed on installing measures that may result in greater non-energy benefits. These measures often have health, safety, and comfort outcomes that are equally as important for this market segment. In addition, the tiered concept for onsite direct install treatments should be complemented by market-based

[13] California Efficiency + Demand Management Council, "Opening Comments on the Administrative Law Judge's Ruling Inviting Responses to Potential and Goals ("P&G") Policy Questions ("ALJ Ruling")", p. 7–8. May 22, 2020.

retail channels that would be available to all customers/building owners on an ongoing and "on-demand" basis, as they make normal equipment replacement purchases.

8. **What other targets or metrics should be considered that complement the average treated household energy savings goal? Examples could include, but are not limited to, household bill savings, or greenhouse gas (GHG) reductions.**

One of the shortcomings of the proposed metric for Goal 1 is that –because it is normalized to the number of participating households– it provides no incentive to serve as many customers as possible, nor to achieve the greatest and most cost-effective absolute energy savings and non-energy benefits. In light of this additional metrics may be needed. The Council believes all goals act as targets for treatment of single family vs. multifamily buildings, and will vary depending on location, vintage, and existing systems. To drive better benefits for residents, metrics for energy savings and resulting benefits such as improved resiliency should be established. Household bill savings is an ideal target; however, a difficult metric to manage against since occupant usage (including rebound effect) is a major factor driving this metric. The Council recommends household bill savings be further explored as a metric, given the goals of ESA.

9. **If the average household energy savings goal is based on resource measures only, should a separate goal be set for equity measures? If yes, what is reasonable? What is the best metric, for example, percent of budget spent, to track progress?**

The Council supports a separate goal for equity measures through an allocation of budget spent. We recommend that the Commission establish a working group to determine and recommend the most suitable metric, as this is a matter that needs further discussion than can be achieved through comments. The Council recommends the working group leverage existing equity measurement frameworks developed by, for example, Energy Efficiency for All (EEFA) or the Urban Land Institute. Tracking performance and justifying budgets for equity or non-resource activities is also being discussed in response Administrative Law Judge's Ruling Inviting Responses to Potential and Goals Policy Questions issued on March 12th in R.13-11-005; the work in these two contexts should be aligned on general principles, definitions, and concepts to the extent possible.

10. What cost-effectiveness tests, other than the ESACET, and criteria should be used to evaluate the ESA program as designed under the Staff Proposal? For example, can the Societal Cost Test be an effective assessment?

The Council believes the IOUs should always incentivize measures that drive energy savings; however, this goal needs to be of equal value as other non-energy benefits. It is the Council's understanding that the ESACET is undergoing an update to include non-energy benefits that is due out by the end of 2020. The updated ESACET should be used by the IOUs to monitor program level cost-effectiveness.

Further, it is the Council's understanding that the Societal Cost Test (SCT) looks at non-energy benefits for the greater society and does not include the explicit benefits for the household. While the Council has advocated for the SCT in certain contexts in the past, additional internal procedures at the Commission are required to ensure the full scope of costs and benefits as characterized by the SCT is accurately captured.[14] Therefore, the Council recommends the SCT not be included in the ESACET. The ESACET should effectively capture the non-energy benefits for the household.

11. Refocusing the ESA program on deeper treatments in the next program cycle to maximize per household energy savings may decrease program cost-effectiveness compared to previous cycles. To ensure ratepayer funds are prudently spent, should the CPUC adopt a minimum threshold for program cost-effectiveness, and if yes, what should that threshold be? Should it be a hard goal or soft target?

The Council believes that the ESA program should have a cost-effectiveness target; this should be established as a soft target that is not tied to current Standard Practice Manual ("SPM") cost-effectiveness methodologies. Programs serving low-income residents need to balance energy savings with health, safety, and comfort. Therefore, establishing a hard SPM-driven goal for cost-effectiveness does not allow for equal weight to these factors since some measures most needed to serve this disadvantaged population may not result in energy savings, but have a greater health benefit.

In addition, every effort should be made to ramp up impact cost-effectively. The CPUC will need to provide greater flexibility in delivery channels and should consider allowing IOUs to

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[14] California Efficiency + Demand Management Council, "Opening Comments on the Administrative Law Judge's Ruling Inviting Responses to Potential and Goals ("P&G") Policy Questions ("ALJ Ruling")", p. 14. May 22, 2020.

experiment with co-pays. In the case of measures that go beyond the free basic measures required by the Public Utilities Code, online retail product channels and use of co-pays could be considered to keep ESA as cost-effective as possible. Low-income households enrolled in CARE are making ongoing investments outside of ESA treatments, such as adding new home entertainment systems or room air conditioners, or replacing lighting, appliances and HVAC equipment that no longer function properly. ESA can support these business-as-usual transactions, but without the need to cover the full measure cost, some of which would be incurred regardless. This frees up more funds for direct install treatments and measures that improve health, comfort, and safety. Additionally, better coordination with other programs may also improve the overall cost-effectiveness of achieving deeper savings per household.

12. What other efficiency measures should be considered that are not mentioned in the Tier treatments section of the Staff Proposal?

The Council recommends expanding the scope of eligible efficiency measures to be as comprehensive as possible. Each IOU should develop a comprehensive list of measures based on climate zones within their territory. Additionally, the Council recommends the IOUs revisit previously-retired measures that were deemed not cost-effective to consider the non-energy benefits of such measures.

a. What other non-efficiency measures, such as electrification measures, should be considered?

b. How should the IOUs incorporate electrification measures that may result in GHG reductions but may also reduce average treated household energy savings?

The Council recommends (when appropriate) fuel substitution measures, operations and maintenance practices, submetering and monitoring tools, and more investment in ongoing energy education for residents and multifamily building operators. Persistence of energy savings after initial installation is important and studies have shown with ongoing monitoring and education of residents and building operators savings can continue for many years.

13. What level of training is needed to transition existing ESA contractors to implement Tier 2 and 3 treatments?

The Council does not offer a response to this question at this time.

14. **How can ESA program measures support other high priority needs/objectives of state/CPUC/customers? For example, can efficiency measures be designed to exceed building fire safety codes for resiliency purposes? In particular, are there ways that envelope insulation (floor/wall/roof) measures take fire protection beyond code?**

The Council believes that the best approach to support other objectives is to maintain an open market "partner" or "trade ally" based program specifically for ESA CAM. PG&E has adopted such a model with their ESA CAM program whereby any contractor meeting specific criteria is able to participate. The Council believes this model allows the most flexibility to meet other high-priority needs and objectives of the state/CPUC/customers. By contrast, the "closed" models of SCE, SCG and SDG&E do not allow for broad market participation; they select a single or small handful of contractors to execute specific scopes, and those contractors tend to be more narrowly focused on particular program goals.

The open market model encourages collaboration and layering of other incentive programs like Solar on Multifamily Housing ("SOMAH"), Low-Income Weatherization Program ("LIWP"), Self-Generation Incentive Program (SGIP), etc., because the same contractor can participate in multiple programs. This simplifies the customer experience, since the customer can hire a single contractor (or fewer contractors) to complete scope items that contribute to the goals of multiple state priorities, which in turn further encourages participation across all programs and meeting of broader state goals. Doing so also increases cost-effectiveness by achieving economies of scale.

15. **When significant home repairs are necessary, such as when knob and tube wiring is present, what maximum amount per household is reasonable? Should the ESA program have a program-wide cap or set aside for home repairs for each service territory, such as an amount (for example, $1 million per year, allocated by IOU) or a percentage (for example, 5% of the overall budget)?**

The Council believes significant home repairs, especially in multifamily buildings, can be cumbersome and costly for the owner that may result in an energy efficiency measure not being installed due to lack of financial resources to address the repair. The Council recommends increasing the home repairs allocation for single family and multifamily based on averages experienced in each sector for the building type, rather than allocated an arbitrary amount of funding, as Question 15 suggests.

16. How can program data be shared effectively amongst program implementers, including those that are administered by the IOUs as well as non-IOUs like CSD? What barriers exist?

The Council believes that data can be shared effectively amongst necessary parties if standard reporting metrics and format are agreed upon and reported on a quarterly basis in a central location (such as a shared database). Current barriers that exist may include, but are not limited to, differing reporting metrics, terminology, reporting cycles, and data format.

17. What metrics should the IOUs track for coordination and leveraging of other programs?

The Council believes determining the best metrics for tracking coordination and leveraging of other programs is a coordinated effort best addressed by a working group of IOUs, program implementers, and non-IOU program administrators and/or implementors. Examples of useful metrics include lead generation in both directions and the amount of non-ESA funding and private investment that ESA leverages.

18. From an ESA customer perspective, which programs are highest priority to coordinate with ESA, and why? From a ratepayer perspective, which programs are highest priority to coordinate with ESA, and why?

From the ESA customer perspective, it is important to coordinate with other programs that fill gaps in ESA offerings. This is critical as, from the customer's perspective, they do not see the programmatic rules and particulars that may preclude them from addressing key household energy needs that may be outside the scope of ESA.

From the ratepayer perspective it is critical to maximize the value of invested funds, as stated in the previous paragraph around the limitations of programmatic rules. Enabling and rewarding customer investment as part of the program can help enable additional energy efficiency investments (e.g. some form of co-pay), while reducing the level of ESA expenditure.

19. How can the IOUs participate in, and coordinate with other programs, agencies, and organizations to develop workforce education and training and development opportunities targeted to Disadvantaged Communities? (While the Guidance Decision already asked for IOU responses, we would like feedback from all parties on this topic to bring forward new ideas.)

The Council does not offer a response to this question at this time.

20. **What services and programs listed in the Program Coordination section should be targeted to existing or new customers at risk for non-payment or disconnection? In addition, what services should be targeted to segments or zip codes with the highest disconnection rates?**

    The Council does not offer a response to this question at this time.

21. **How can the IOUs promote low-income and affordable broadband programs in order to better leverage energy management technologies as part of Tier 2 – Strategic Treatments?**

    The Council does not offer a response to this question at this time.

22. **How can the IOUs leverage their existing relationships with Community Based Organizations (CBOs) and solicit feedback in order to meet the goals?**

    a. **Can CBOs assist with the universal application in its development or use?**

    The Council does not offer a response to this question at this time.

23. **As part of Goal #3, Staff is proposing a universal application system that allows low-income households to complete one application in order to receive services from multiple programs, starting with CARE/FERA and ESA, but potentially including other clean energy programs administered by the IOUs, and other state agencies (for example, CSD) and third-parties.**

    a. **Please address the feasibility of creating a universal application system for *CARE/FERA/ESA programs statewide.***

    - **What are the steps to design and build such a system, and what are the key barriers (such as data sharing) that would need to be overcome?**

    - **How should the CPUC determine the benefits and costs of creating a statewide universal system?**

    The Council does not offer a response to this question at this time.

    b. **Please address the feasibility of creating a universal application system across *CARE/FERA/ESA programs statewide and other low-income programs.***
    - **What other low-income programs should be included in the universal application system, and should they be incorporated in a particular order?**

    - **What are the steps to design and build such a system, and what are the key barriers (such as data sharing) that would need to be overcome?**

    - **How should the CPUC determine the benefits and costs of creating such a system?**

- **What procedural steps should the CPUC take to incorporate input of stakeholders from all impacted low-income proceedings?**

The Council does not offer a response to this question at this time.

IV. THE COUNCIL RESPONSES TO APPENDIX B QUESTIONS ON THE IOUS' ESA AND CARE APPLICATIONS

24. The CPUC more than doubled annual ratepayer collections for ESA, from approximately $157 million in 2008 to approximately $368 million in 2012, in order to achieve the statutory goal of treating all willing and eligible customers by 2020 pursuant to SB 695 (Kehoe, 2009). Budget increases starting in 2009 were based on the number of willing and eligible households not yet treated in each IOU service territory multiplied by the average cost of treatment per household in that territory. The Commission recognized in D.19-06-022 that the IOUs were on track to meet the 2020 treatment goals and that the next phase of the ESA program would be different. In their applications for program years 2021-26, the IOUs proposed to maintain ratepayer collection levels at approximately $432 million per year on average.

a. Post-2020, what criteria should the CPUC use to determine appropriate ratepayer collection levels for ESA?

At a minimum, sufficient funding for any ESA resource activities that have a lower lifetime cost per unit of energy saved than the avoided cost of energy plus the avoided cost of providing CARE bill subsidies over the same timeframe should be made available, as the net cost to ratepayers will be positive (ESA spend < energy avoided cost + CARE avoided cost). ESA investments are productive investments that save energy, reduce GHG emissions, provide critical health, comfort, and safety value, and lower the amount of ratepayer funds needed to fund bill subsidies. On top of that, funding is needed for equity and non-resource activities that can demonstrate that they are achieving their intended outcomes.

b. Should the CPUC return ESA ratepayer collections to pre-SB 695 levels following completion of the 2020 treatment goal? If not, please address what budget level is needed to achieve ESA program goals once all willing and eligible homes have been treated and avoid low-income ratepayer burden.

No, the CPUC should not return ESA ratepayer collections to pre-SB 695 levels following completion of the 2020 treatment goal. Classifying a home as "treated" does not mean that it is as energy efficient as it could be and it does not negate the need for ongoing energy efficiency support. Major retrofits only happen periodically, but the need to replace outdated or no longer functioning equipment is continuous. Every inefficient purchase is a missed opportunity that will lead to higher than necessary energy bills over the lifetime of the products. ESA needs to be conceived going forward as an ongoing program to help low-income renters and single family and multifamily building owners adopt the most efficient technologies in the course of regular replacement schedules.

In addition, achieving the ESA treatment goal says nothing about the benefit of continued ESA investments. As laid out in our response to question 24.(a), energy savings achieved by ESA result in numerous benefits; these ESA benefits should be weighed against the costs to inform decisions on budgets going forward.

The Council supports the IOUs in maintaining existing budgets at the $432 million level. The additional costs of the ESA CAM program and Energy Division's deeper energy savings goals lead us to believe the program has the opportunity to make up for any reduced in-unit work volume due to the number of households treated to date. The Council does not believe it is an appropriate pull back from ESA's budget. ESA CAM, in particular, will be instrumental in ensuring the equitability of the ESA program as a whole due to the disproportionate number of low-income people residing in multifamily buildings and the relatively smaller amount of investment made in those properties to date by ESA.

Additionally, and building upon our response to question 14, the Council believes that the open market model of the 2016-2020 PG&E ESA CAM program, in particular, enhances the ability of the ESA CAM program to meet and exceed their enrollment targets. The partner model leverages the relationships and trust that contractors in the real estate marketplace have spent years building and turns contractors into marketing channels that can bring projects to the program. The fact that PG&E recently met their current program cycle enrollment goals through such a model supports this conclusion.

c. How would reducing 2021-26 annual budgets from the levels proposed by the utilities to pre-SB 695 levels impact the following:

- **CARE and non-CARE rates**
- **Average bill savings per customer**
- **Lifecycle bill savings divided by total budget**

- **Total energy savings divided by total budget**
- **Program-wide ESACET**
- **GHG emissions reductions from the program**
- **Health, comfort, and safety components of the program**

Please see the Council's response to question 24.(b).

d. **While there is not a CPUC or ESA requirement to maintain a constant ESA workforce, it is appropriate to consider a transition plan to avoid abrupt change to contractors. How would reducing the budget in 2021-26 impact them? What steps could the CPUC, IOUs, and contractors take to mitigate any negative impact (for example, workforce programs designed to help ESA contractors pivot to work on other clean energy programs)?**

e. **Would reducing ESA ratepayer collection levels adversely impact other CPUC programs that may have been forecasting a certain level of energy use reduction due to ESA? Please be specific.**

f. **How is the COVID-19 pandemic likely to impact demand for ESA services in 2021-26? How should the CPUC factor in that impact when determining appropriate ratepayer collection levels for ESA?**

The Council urges the Commission to take a broad view of the need for ESA services during this pandemic. As has been acknowledged by the Commission, "…many Californians are in greater need than ever to reduce their utility bills and save energy. Residential energy consumption has increased with shelter-in-place orders due to COVID-19, while at the same time the pandemic has disrupted the economy overall, resulting in job losses and reductions in individual paychecks."[15] While this pandemic and the economic crisis that it creates are felt throughout society, the impact is orders of magnitude greater on low-income communities.[16] These communities are not only experiencing higher levels of infection and death, but they are disproportionately impacted by the 15-20% average increase in residential electric usage from

[15] R.13-11-005, "Assigned Commissioner and Administrative Law Judges' Amended Scoping Ruling Addressing Impacts of COVID-19", p. 4. July 3, 2020.

[16] United States Census Bureau, "Low-Income and Younger Adults Hardest Hit by Loss of Income During COVID-19". Available at: https://www.census.gov/library/stories/2020/06/low-income-and-younger-adults-hardest-hit-by-loss-of-income-during-covid-19.html

sheltering in place.[17] Job losses, reduced hours, furloughs, etc., further compound the impact of the current crisis on these communities.

If COVID-19 continues to restrict the ability of ESA contractors to conduct onsite visits, ESA will need to rely more on remote energy efficiency delivery channels to empower qualified households to better manage their energy consumption, both in terms of habitual behavior (e.g., energy consumption and feedback) and buying behavior. ESA is as important as ever, and as such it is absolutely essential that the Commission undertake whatever efforts possible to mitigate the effects of the current crisis on this vulnerable population, including ensuring ratepayer collections continue to ensure a strong ESA program.

25. How do ESA annual ratepayer collections compare to annual ratepayer collections for other CPUC clean energy programs serving low-income customers (e.g. SOMAH, SGIP)? How do they compare to annual ratepayer collections for the general energy efficiency budget (including breakdown of categories, such as codes and standards, etc.)? How do they compare to ratepayer-funded low-income energy efficiency programs in other states or jurisdictions?

The Council does not offer a response to this question at this time.

26. Public Utilities Code Section 382(a) requires that ESA be "funded at not less than 1996 authorized levels based on an assessment of customer need." What were the major findings of the most recent Low-Income Needs Assessment, and how should they inform the CPUC's determination on ESA ratepayer collection levels for program years 2021-26?

The Council does not offer a response to this question at this time.

27. IOUs have historically spent significantly less than their authorized annual ESA budgets. What measures should the CPUC adopt to improve estimates of budgetary needs moving forward?

The Council believes that PG&E's recent closure of enrollment for the 2016-2020 ESA CAM program –despite the complications brought about by the COVID-19 pandemic– are evidence that ESA CAM programs can meet their budgets if they are designed appropriately. As such, as ESA CAM builds momentum, it may prove quite different than ESA in-unit in its ability

[17] R.13-11-005, "Assigned Commissioner and Administrative Law Judges' Amended Scoping Ruling Addressing Impacts of COVID-19", p. 4. July 3, 2020.

to meet budgetary targets. The Common Area side of the program helps to deliver a "diversified portfolio" which should also help in meeting budget targets. It is much more difficult to complete work in-unit due to the pandemic, whereas, common area work is more attainable to complete due to less resident interaction.

29. If a peer review group is created for the Multifamily Whole Building Program solicitation process, who should serve or be represented in this group?

The Council recommends the following parties serve or be represented on the solicitation evaluation team: multifamily and affordable housing advocacy groups such as Energy Efficiency for All, multifamily property owners (of deed and non-deed restricted properties serving low-income residents), as well as a California Tax Credit Allocation Committee (TCAC) representative.

31. How can non-deed restricted housing owners be held accountable to ensure that the property is not "flipped" or that rents are not raised once the ESA retrofits are completed?

The Council recommends the IOUs and CPUC develop an affordability covenant for non-deed restricted properties served by the program. This type of agreement is used by other state programs such as the California Department of Community Services and Development Low-Income Weatherization Program. While the affordability covenant is one step to keep a property's rents in line with affordability requirements, it needs an enforcement mechanism. The Council recommends the CPUC develop an enforcement mechanism and allocate funds for enforcement.

36. How can marketing, education, and outreach materials for CARE/FERA reference the California Lifeline program (enabling income-qualified customer access to broadband services) and other low-income programs?

The Council does not offer a response to this question at this time.

V. CONCLUSION

The Council appreciates the opportunity to provide comments on this Ruling, and lauds the Commission for its efforts to continue improving ESA. The current COVID-19 health and economic crisis underscores how critical ESA is in meeting the energy needs of California's low-income households, and the Council looks forward to continuing to provide input to this suite of programs to ensure it builds on past successes and yet appropriately plans ahead to accommodate and adjust given the current uncertain market conditions.

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Respectfully submitted,

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