

Implementer Lens

Presentation to the LIOB TAC

October 25, 2024





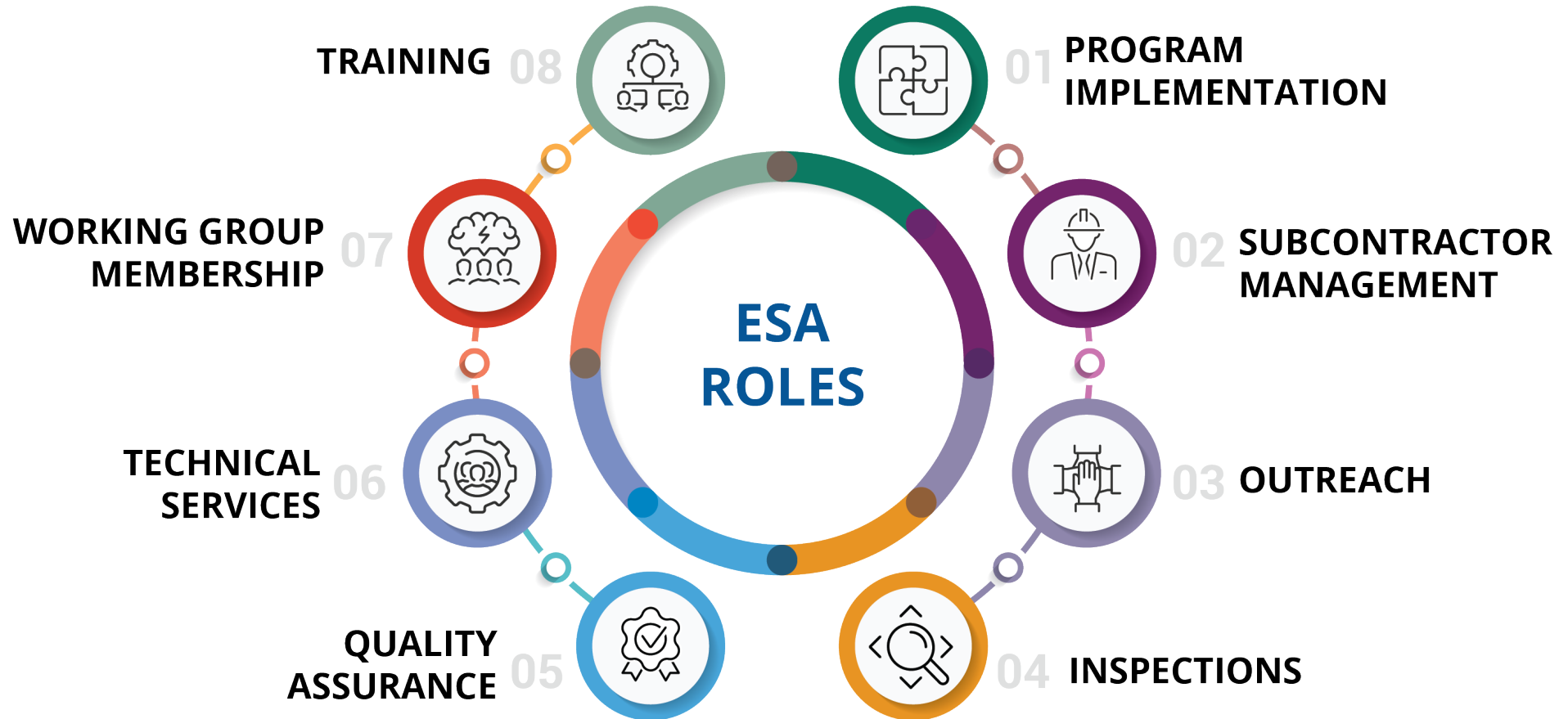
Introduction



Cynthia Bruno Rafferty
Chief Executive Officer



RHA INTRODUCTION

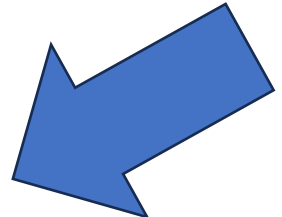




Crossroads of EE and HCS



ESA Enabling Legislation



Identifies dual considerations:

1. Cost-effectiveness; and
2. Policy of reducing the hardships facing low-income households.

Utility costs and the need for health, comfort and safety (HCS) measures are both significant hardships facing low-income families.



California Code, Public Utilities Code - PUC § 2790

Current as of January 01, 2023 | Updated by [FindLaw Staff](#)

(a) The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.

(b)(1) For purposes of this section, "weatherization" may include, where feasible, any of the following measures for any dwelling unit:

- (A) Attic insulation.
- (B) Caulking.
- (C) Weatherstripping.
- (D) Low-flow showerhead.
- (E) Waterheater blanket.
- (F) Door and building envelope repairs that reduce air infiltration.

(2) The commission shall direct an electrical or gas corporation to provide as many of these measures as are feasible for each eligible low-income dwelling unit.

(c) For purposes of this section, "weatherization" may also include other building conservation measures, energy management technology, energy-efficient appliances, and energy education programs determined by the commission to be feasible, taking into consideration for all measures both the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households.

Why Health, Comfort & Safety?



SUSTAINABLE DEVELOPMENT GOALS

ESA furthers over 50% of the UN's SDGs.





Extreme Heat & Poor Air Quality Have Economic & Human Costs for California



Once again, California beats every other state when it comes to poverty

CALIFORNIA NEWS

California's extreme heat is a 'silent disaster'

BY DAN WALTERS
SEPTEMBER 11, 2024



Excess Mortality During the September 2022 Heat Wave in California

August 2023

ECONOMY

Hundreds of deaths, thousands of injuries, billions of dollars: The cost of extreme heat in California

BY LEVI SUMAGAYSAY
JULY 8, 2024



Office of Health Equity
California Department of Public Health



California has some of the worst air quality in the country. The problem is rooted in the San Joaquin Valley

Nation Jun 16, 2022 6:22 PM EDT

FRESNO, Calif. — The ongoing effects of climate change have left much of the western United States to suffer from worsening air quality in recent years, with more than 40 percent of people in the country now living in places that earned failing grades for unhealthy levels of particle pollution or ozone, according to the American Lung Association.

California's Poverty Rate Soars to Alarming High Levels in 2023

New Census Data Show Disproportionate Hardship for Black and Latinx Californians, as the End of Pandemic-Era Policies Reverses Progress

September 2024 | By Alissa Anderson, Kayla Kitson, Laura Pryor, Adriana Ramos-Yamamoto, and Monica Saucedo

NBC NEWS

California and other Western states see spikes in unhealthy air pollution as national levels improve

SHARE & SAVE



HEALTH NEWS

California and other Western states see spikes in unhealthy air pollution as national levels improve

Ozone smog is improving, but wildfires in the West continue to expose people to dangerous pollutants, according to a new report.





Current ESA Landscape



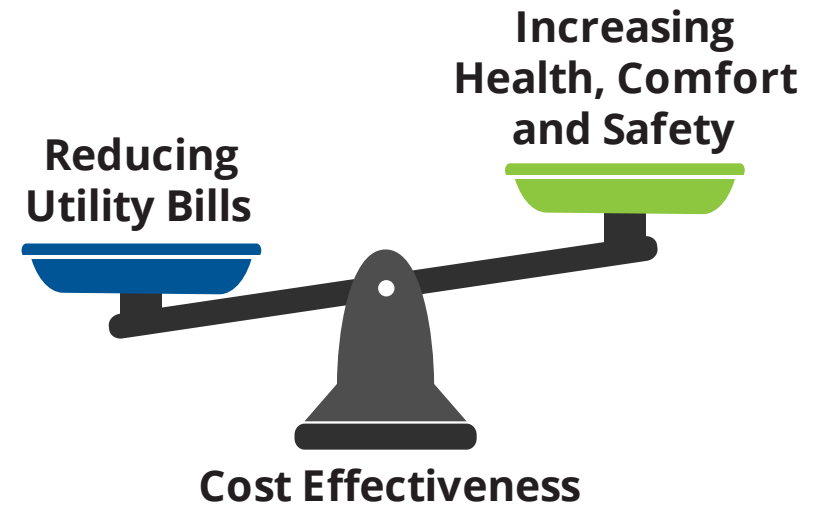
Focus on Energy Savings

D. 21-06-015 established energy savings instead of homes treated as ESA's focus.

D. 21-06-015 also reduced program funding significantly to minimize the ongoing accumulation of unspent funds.

This bifurcated “reducing hardship” into two categories – increasing energy savings and increasing HCS and had the unintended consequences of:

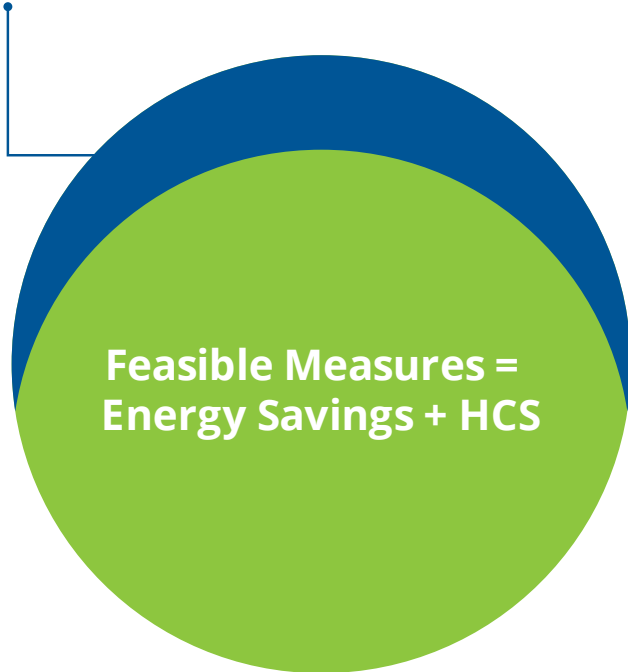
- Prioritizing installation of energy saving measures rather than all feasible measures, especially under a P4P model;
- Prioritizing customers where higher energy savings is achieved easily at the expense of helping families whose homes may not generate high savings; and
- Creating downward pressure on non-energy saving measure pricing and installation rates.





Well Intentioned Policy with Unintended Consequences

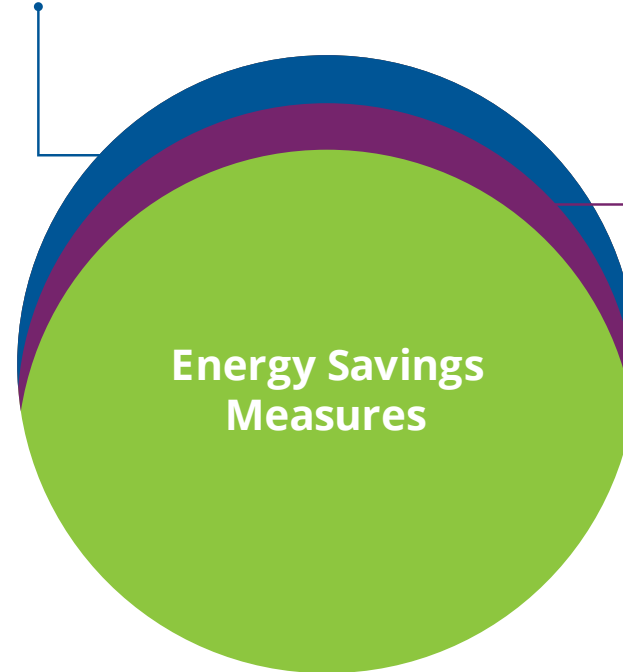
Authorized Budget



Prior ESA Model

Authorized Budget

HCS Measures



Current ESA Model



Examples of Unintended Results

The Decision contemplated a customized, strategic treatment by tiers and customer needs approach. While this approach was well-intentioned, it:

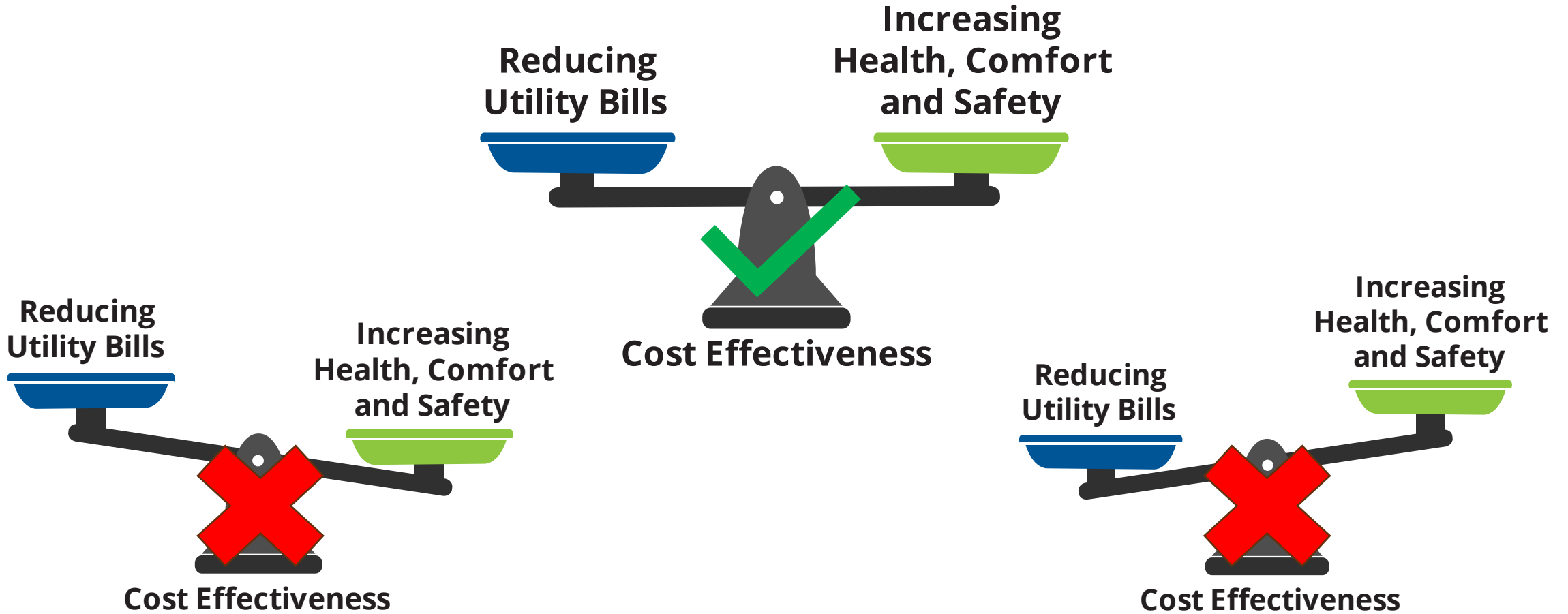
- Created customer confusion and dissatisfaction – “My neighbor received X, why can’t I receive the same thing?”
- Resulted in missed opportunities caused by prioritizing energy savings as the main driver for decision making around measure installation:
 - Pay-for-performance model treated all air sealing measures the same whether contractors installed 1 or 10
 - Scenario of installing a brand-new energy-efficient furnace but not installing basic air sealing measures, such as door weatherstripping, to ensure the conditioned air remains
- Excluded the largest segment of low-income families from major measures (renters in SF homes) because they don’t qualify for the same upgrades as owners of SF homes or even renters in MF dwellings



Where do we go from here?



Achieving Balance





Achieving Balance

- Listen and evaluate to avoid unintended consequences
 - Low-income customers deserve a balance between energy savings and health, comfort and safety
 - Contractors
- Allow time for current programs to learn and maximize performance
- Ensure consistent policies across all IOUs
- Compensation Models
 - Recognize what they motivate
 - Compensate appropriately for program volume (lower volumes require more per home to cover admin costs / higher volumes create economies of scale)
- IOU systems – must effectively track, report, facilitate invoicing
- Timely payments
 - Cash is key to continued operations and contractor support
 - Systems configuration should not result in delays in payment cycles