

# Low Income Oversight Board Item 4 – CPUC Standing Reports Energy Division Update

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California Public  
Utilities Commission

# ESA/CARE/FERA Program Updates

- Upcoming meetings
  - June 25, 2026 ESA Working Group
    - Focus on IOUs' 2025 Annual Reports for ESA/CARE/FERA (submitted May 1)
- 2028 Low Income Needs Assessment (LINA)
- Update on new measures
  - Previous process
  - Current process
  - Examples

# 2028 Low Income Needs Assessment (LINA)

- Current activity

- LINA & TAC subcommittee meeting on May 5
- Topic selection:
  - *Evaluate enrollment and verification processes for CARE/FERA and whether data sharing can reduce enrollment barriers and enhance program integrity*
- Finalize work scope

- Upcoming activity

- Q3-Q4 2026 – Request for Proposals
- Q4 2026 – Finalize contract between SCE and selected consultant
- Q1 2027 – Solicit input from LINA Subcommittee on Draft Research Plan

# Updating ESA measures

- Previous program cycles
  - Decisions every 3-4 years
  - Legislation / Statute (Public Utilities Code Section 2790)
    - Big 6 measures
      - Attic insulation
      - Caulking
      - Weatherstripping
      - Low-flow showerhead
      - Water heater blanket
      - Door and building envelope repairs that reduce air infiltration
    - "Energy management technology"

# Updating ESA measures

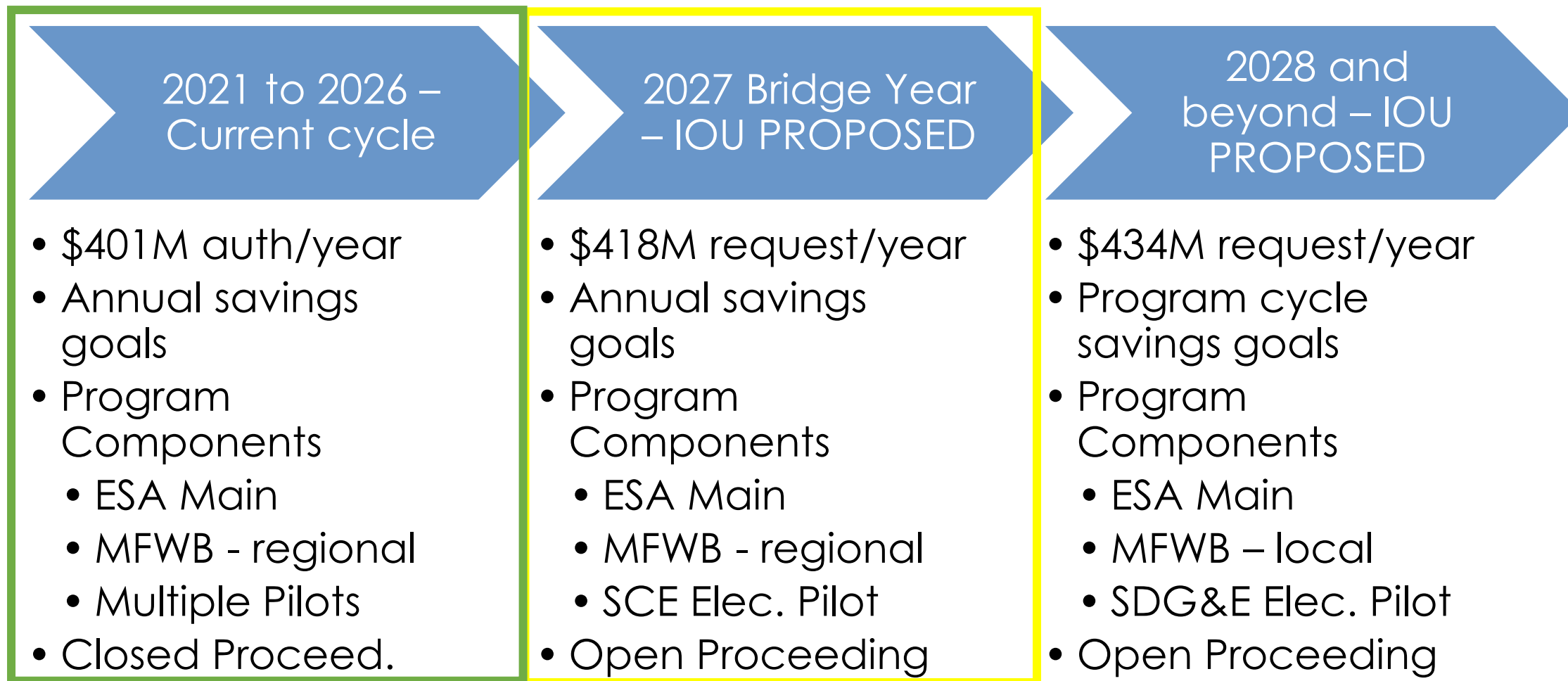
- **Current program cycle**
  - Information and documentation
    - Background and rationale
    - Savings – kWh or therms, estimated costs per unit
    - Operating characteristics and installation criteria
  - Logistical process
    - Proposed by IOU, then discussion and consensus approval by ESA Working Group – Policies and Procedures and Installation Standards (PP&IS) sub-Working Group
    - Notification to ESA Working Group and in Public Monthly Reports (posted to docket and LIOB website)
    - Avoids need for CPUC approval

# Examples of new ESA measures

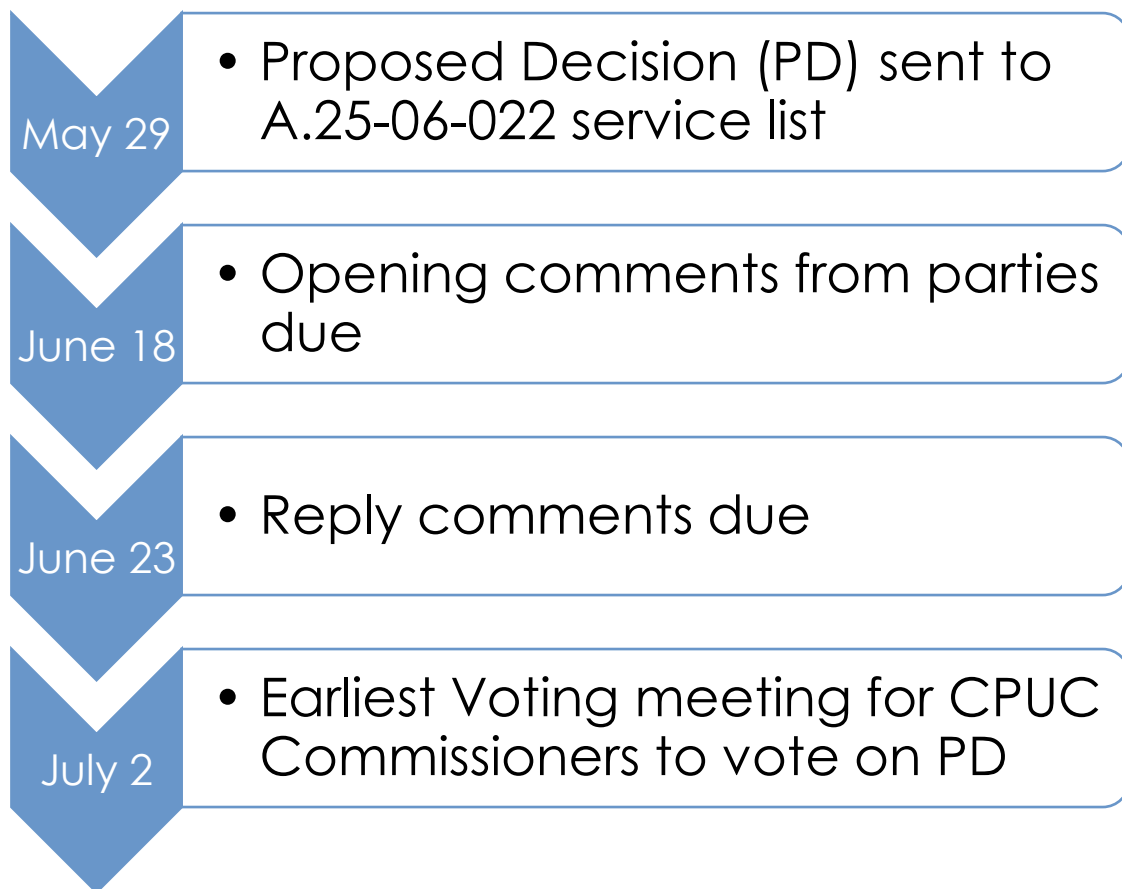
- Room Heat Pump
- Induction Cooktop Appliance  
(picture courtesy of Wirecutter)
- MFWB measures
  - Advanced keyboard



# High-level ESA Bridge Proceeding Summary



# ESA/CARE/FERA Bridge Year Proposed Decision



- **Next steps**
  - Upon approval, IOUs can start preparation for 2027 program implementation

# ESA/CARE/FERA Bridge Year Proposed Decision

- CARE Program Goals
  - Maintains 90-95% enrollment goals
- FERA Program Goals
  - Maintains 70% enrollment goal
- CARE/FERA Program Design
  - No major changes

# ESA/CARE/FERA Bridge Year Proposed Decision

- CARE Budgets (not including subsidies)
  - Set at 2024 spending + 3% annual increases

| Utility  | Authorized 2027 CARE<br>Administrative Budget |
|----------|-----------------------------------------------|
| PG&E     | \$8,848,173                                   |
| SCE      | \$8,499,853                                   |
| SDG&E    | \$6,351,151                                   |
| SoCalGas | \$9,904,747                                   |
| Total    | \$33,603,924                                  |

# ESA/CARE/FERA Bridge Year Proposed Decision

- FERA Budgets (not including subsidies)

| Utility | Authorized 2027 FERA<br>Administrative Budget |
|---------|-----------------------------------------------|
| PG&E    | \$3,055,800                                   |
| SCE     | \$1,717,244                                   |
| SDG&E   | \$979,185                                     |
| Total   | \$5,752,229                                   |

# ESA/CARE/FERA Bridge Year Proposed Decision

- **ESA Program Design**

- Maintains portfolio energy savings goals
- Maintains ESA Main program design
- Maintains Multi-Family Whole Building program regional administrative structure and design

- **ESA Pilots**

- Closes SCE/SCG Whole Home Pilot, and SCE Clean Energy Homes Pilot
- Winds down PG&E Whole Home, and SCE Building Electrification pilot (limited funding)
- Maintains SDG&E Whole Home Pilot

# ESA/CARE/FERA Bridge Year Proposed Decision

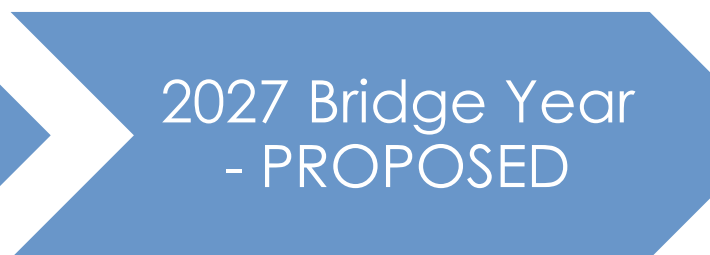
- **ESA Budgets (rounded to nearest \$M)**
  - In comparison, 2025 expenses are estimated to be \$374M

| IOU          | Portfolio Total | Unspent Funds Carryover | Authorized ESA Funding Total |
|--------------|-----------------|-------------------------|------------------------------|
| PG&E         | \$158M          | -\$104M                 | \$54M                        |
| SCE          | \$77M           | -\$49M                  | \$28M                        |
| SDG&E        | \$33M           | -\$19M                  | \$14M                        |
| SCG          | \$112M          | -\$55M                  | \$57M                        |
| <b>Total</b> | <b>\$380M</b>   | <b>-\$227M</b>          | <b>\$153M</b>                |

# High-level ESA Full Cycle Proceeding Summary



- \$401M auth/year
- Annual savings goals
- Program Components
  - ESA Main
  - MFWB - regional
  - Multiple Pilots
- Closed Proceed.



- \$418M request/year
- Annual savings goals
- Program Components
  - ESA Main
  - MFWB - regional
  - SCE Elec. Pilot
- Open Proceeding



- \$434M request/year
- Program cycle savings goals
- Program Components
  - ESA Main
  - MFWB – local
  - SDG&E Elec. Pilot
- Open Proceeding

# ESA/CARE/FERA Full Cycle Proceeding Timeline

## Completed

- IOU Applications – Jan 2026
- Pre-Hearing Conference and Scoping Memo – April 2026

## Ongoing

- Supplemental Testimony – July 2026

## Upcoming

- Party Testimony - by Q4 2026
- Proposed Decision – by mid-2027

# Questions and Discussion

# **Base Services Charge: Income Verification Process Working Group – Recommendations**

ED Staff Updates  
Q2 2026 LIOB Meeting

# Background

- Per AB 205, the Commission authorized IOUs to change the structure of residential customer bills to include a Base Services Charge\* (BSC) separate from volumetric rates (D.24-05-028)
- Fixed charges are income-graduated with three tiers

|      | Large Electric IOUs |                                   |                         |
|------|---------------------|-----------------------------------|-------------------------|
| Tier | Fixed Charge /Month | Assignment                        | % Federal Poverty       |
| 1    | \$6.00              | CARE Status                       | 200%                    |
| 2    | \$12.08             | FERA or Affordable Housing Status | < 250 %<br>(or 80% AMI) |
| 3    | \$24.15             | Non-CARE/FERA                     | > 250%                  |

\* Formerly known as Income-Graduated Fixed Charge

# Income Verification Process Working Group

- To help further differentiate between BSC income-graduated tiers to more equitably distribute fixed costs, the Commission directed a working group to develop recommendations for a process to identify moderate- vs. high-income households for a future iteration of BSC

Final Report of Working Group Recommendations

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M604/K724/604724335.pdf>

# Working Group Recommendations

- 1. Near-term solution:** Assign households to moderate- and high-income tiers using geography as a fact-specific proxy for income (census data)
  - Implementable now, but lower accuracy and constrained tier differential
- 2. Longer-term solution:** Access Franchise Tax Board (FTB) data to assign households to BSC tiers based on tax-reported income
  - Requires statutory change, but higher accuracy and allows for expansion of tier differential

# Recommendation for Near-Term Solution with Illustrative Timeline

● **Step 1** Initial assignment by geographic categorization using **ACS 5-Year Median Income by Census Tract**

- Moderate-income threshold: **600% FPL** with an **average household size of 3** (\$159,900)
- Low-income: CARE/FERA enrolled

● **Step 2** Appeals using **third-party income verification**

- Outreach to customers about tier assignment and their option to appeal based on **income AND household size**
- Verification support for categorical eligibility, document upload, and tax transcript pulls

● **Step 3** BSC reflected on bills

● **Step 4** Continued appeals

● **Step 5** Refresh geographic assignments:  
using most recent 5-Year ACS to recategorize all households

Total estimated accuracy up to 70%

Accurately categorizes:  
89% moderate-income  
33% high-income

Month 0

Month 6

Year 5

# Transferrable Learnings for Low-Income

- **Third-party models** that use income and credit data to estimate household income require customer consent for decision-making uses, such as tier assignment or targeting households for income verification
- **Data sharing with state agencies** to verify income level for categorical eligibility can support enrollment of lower-income households into BSC tiers (not moderate- or high-income), but is not always possible due to legal and administrative barriers
- **FTB data** has potential to be a more accurate data source but requires new legislation because FTB cannot share tax information with another entity without written, time-limited customer consent. It's unclear how long this would take to implement

# Timeline and Next Steps

- California Advanced Electric Rate Design Order Instituting Rulemaking (R.26-04-009) will consider Income Verification Process Working Group recommendations and improvements to BSC
  - Opening comments from parties included support of expanding BSC tiers, while others expressed skepticism about implementing the near-term recommendation due to concerns around accuracy of tier assignment, customer acceptance, and needing better cost estimates

# Questions