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Energy Savings Assistance Program



ESA: A PROGRAM IN CRISIS

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LOW INCOME OVERSIGHT BOARD PRESENTATION
7/20/2016

ESA: A PROGRAM IN CRISIS

PROBLEM :

The ESA Program has a Go Back Rule that is antiquated and causing serious damage to the program and our low income communities.

Go Back Rule Background:

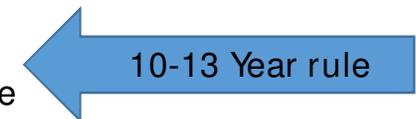
2001- D.01-03-028: Creation of a 10 year “rolling” go back rule based on the Standardization Team’s recommendation due to the useful life of measures.



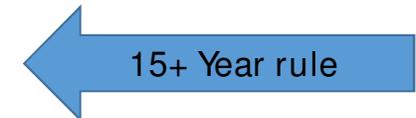
2008 - D. 08-11-031: Creation of a 7 year go back rule which, according to the decision, was based on 5 new measures being added since 2001. Here, 2002 becomes the new date for go backs however the CPUC fails to make it a “rolling” rule.



2012 - D.12-08-044 – CPUC does not address the go back rule even though 23 new measures, along with new codes and standards, have been added to the program since 2001.



2016 – HELP!! – Installed measures simply do not last this long and there is a need.



DAMAGE 1: LOST ENERGY & WATER SAVINGS

- Between 2001 and 2012, 23 new measures along with new codes and standards have been added which directly impact energy or water savings.

Air Conditioning- Tune Up

Air Conditioning- Time Delay Relay

Air Conditioning- Central Replacement

Air Conditioning- Room Replacement

Attic Insulation Standards

Duct Testing and Sealing

Enhanced Energy Education

Evaporative Coolers

Furnace Clean and Tune

Hardwired Light Fixtures -GU24 Base

High Efficiency Furnaces

LED Night Lights

Microwave Ovens

Occupancy sensors

Refrigerator Standards

Standing Pilot Retrofit Kit

Tier 1 Smart Power Strips

Title 24 Installation Standards

Torchiere Lamps

Water Saving Faucet Aerators -1.0 GPM

Water Saving HE Washing Machines

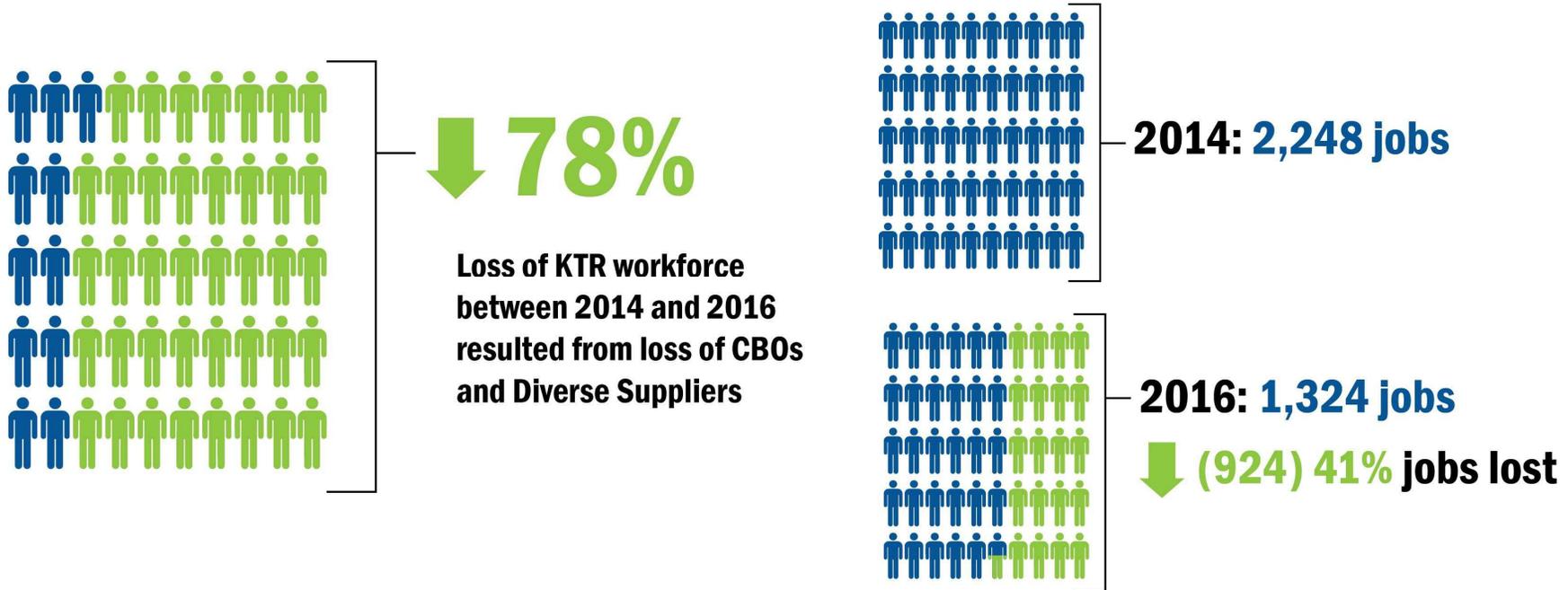
Water Saving Showerheads-1.5 GPM

Water Saving Thermostatic Water Valves

- These are already approved measures and standards in the program. No additional measure approval is necessary. Only a change in the go back policy is needed.
- Further delay in bringing these already approved measures to low-income customers does not serve the public interest.

DAM AGE 2: IM PACT ON CBO'S AND CERTIFIED DBE COM PANIES

Below graphs represent PG& E's ESAP workforce between 2014 and 2016



Between 2014 and 2016, of the nine contractors leaving the program, 78% were CBO and Diverse Business Enterprises. In this same period, the program witnessed a loss of 924 Jobs for our communities in PG& E's service territory. These are jobs lost are from the low-income communities we serve.

DAM AGE 2: IM PACT ON CBO'S AND CERTIFIED DBE COM PANIES



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June 22nd, 2016

Richard Heath & Associates
590 Locust Avenue
Suite #103
Fresno CA, 93650

Dear Richard Heath & Associates,

I am writing to you today to formally notify you that we are terminating our contract with RHA effective 6/30/2016. We highly value our long-term relationship but unfortunately we have tried to implement many changes to continue doing business as a sub-contractor for PG&E and have determined there are structural problems we are unable to overcome.

The two primary factors are the market saturation, partially due to the unchanged 2001 eligibility date, and the measure reimbursement rates that were just sustainable at larger volume are no longer sustainable. With the increasing rise of the economy all of our outreach efforts to make this a break even program have not been enough to sustain us to continue as a contractor.

We will continue to finish work that is in process and have determined by the end of June we will have completed all WS jobs that have been enrolled. We will have administration support until June 30 as well. We understand any impending fails after June 30th will result in partial reimbursement withholds to pay another contract to complete the work.

We understand bids are still being reviewed and would be happy to discuss continued service under a new contract.

If you have any questions feel free to contact me.

Thank you,


Christopher Paige
Chief Executive Officer

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CPUC AND LEGISLATORS SHOW CONCERN FOR LOW CBO PARTICIPATION

D.93-12-043: July 20, 1994:

- OP 11: “We are convinced by the testimony of CBO administrators that, because CBOs rely on the local labor force, the existing program promotes economic development in some of southern California's most depressed neighborhoods. It also appears that local residents are comfortable with CBOs because CBOs tend to be a part of the local community and conveniently offer a variety of services and access to other types of assistance.”

Pub. Util. Code § 381.5: 1999:

- “It is the intent of the Legislature to protect and strengthen the current network of community service providers...”, and to “Encourage local employment and job skill development.”

D.00-07-020: July 6, 2000:

- COL 11. The plain meaning of Pub. Util. Code § 381.5 requires this Commission, in evaluating the effectiveness of LIEE programs, to examine the degree to which participants in LIEE programs have access to the programs and services that CBOs make available in their communities.
- COL 12. The precipitous decline in CBO participation in PG&E's program has adversely affected PG&E's program with respect to the type of access intended by Pub. Util. Code § 381.5.

THE SOLUTION

Save Energy, Save Local Jobs, Save ESA!

- **We are asking for the LIOB to recognize the immediate need to deliver energy savings to low income customers and save jobs in our communities by recommending to the Commission that they issue an emergency order to implement the same go back rule across all of California as it has in the Aliso Canyon territory in Decision 16-04-040.**
- Note 1: Bridge Funding issued in D. 16-06-018 did NOT stop the decline in production, loss in jobs or provide for employee cost of living increases as it did not address the much needed policy changes or the increased cost of the program.
- Note 2: We acknowledge that the go back rule is an issue under consideration in the current proceeding (A. 14-11-007). The decision in this matter is delayed currently by more than 18 months. In anticipation of a decision, which may or may not amend the current go back permanently, we need immediate relief to continue to fulfill ESA's mission.

HOW DO WE KNOW THE PROPOSED SOLUTION WILL WORK?

Impact of Aliso Canyon modified Go Back rule

- In the wake of Aliso Canyon, the Go Back rule was revised to serve customers who had previously received measures.
- Opening up eligibility for thousands of additional customers has had the impact of increasing production by 25 - 30% virtually overnight.

In the areas impacted by Aliso Canyon, production increased



immediately upon implementation of the revised go-back rule

* Production increase estimates are based on a survey of contractor's production in the Aliso Canyon service territory between June 11 and July 8.

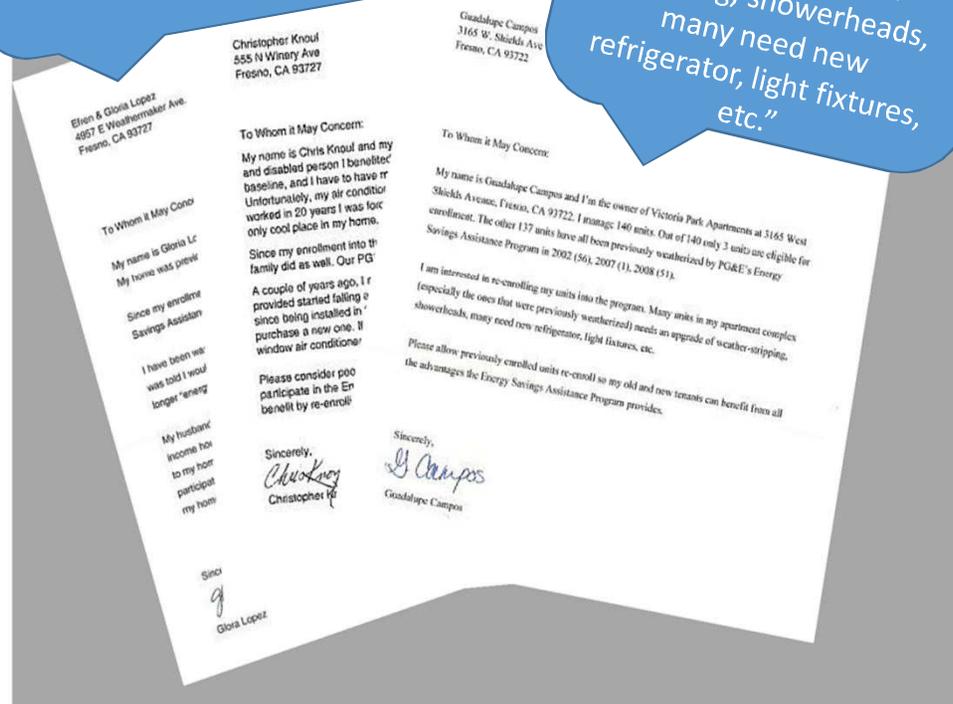
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There is a Need: Customers Are Requesting Service

- *Based on a survey of 6 contractor call centers, 28% of the customers requesting service cannot be served due to the current go back policy.*
- *Program representatives are receiving letters from potential customers requesting service even though their homes were previously served.*
- *Installed measures simply do not last forever.*

“Many things that were installed in 2002 are no longer energy efficient, they are outdated or are falling apart”

“Many units in my apartment complex (especially the ones that have been previously weatherized) need an upgrade of weather-stripping, showerheads, many need new refrigerator, light fixtures, etc.”



SUMMARY

- **We are asking for the LIOB to recognize the immediate need to deliver energy savings to low income customers and save jobs in our communities by recommending to the Commission that they issue an emergency order to implement the same go back rule across all of California as it has in the Aliso Canyon territory in Decision 16-04-040.**
- The ESA program is a viable energy resource for California that generates actual measured energy and water savings in our low-income communities.
- ESA is built on a core infrastructure funded by ratepayer investment and developed to serve low-income customers in need of water and energy saving measures.
- California is a State in need of jobs, plagued by record drought and stressed by a overworked power grid.
- As it stands, the ESA program cannot fulfill its mission.