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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 388-E) for Approval of its 2012-2014 California Alternative Rates for Energy and Energy Savings Assistance Programs and Budgets .	Application 11-05-017 (Filed May 16)
Application of Southern California Gas Company (U 904 G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-018 (Filed May 16)
Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternative Rates for Energy and Programs and Budget (U 39 M).	Application 11-05-019 (Filed May 16)
Application of San Diego Gas & Electric Company (U 902 M) for Approval of Low-Income Assistance Programs for Program Years 2012-2014.	Application 11-05-020 (Filed May 16)

The Response of the
The East Los Angeles Community Union (TELACU),
the Association of California Community and Energy Services (ACCES), and
the Maravilla Foundation to ALJ Kim's Second Set of Questions

TELACU et. al. hereby submits its response to ALJ Kim's second set of questions in this proceeding. In our response to ALJ Kim's first set of questions filed earlier we mistakenly included answers to questions 38 and 39 which are to be answered in this response to the judge's second set of questions. We have included the same answers to those questions in this response.

Strategic Plan Goals

1. One of the goals of the State's Energy Efficiency Strategic Plan (Strategic Plan) is to integrate customer programs. It also provides that "program options must be offered in a unified fashion so that energy users receive complete Demand Side Management information with minimum *effort." It is not yet clear that the Energy Savings Assistance (ESA) Program is effectively working towards these goals.* ***All parties*** *are directed to respond to the following:*

Integrated Demand Side Managment

a. How can the ESA Program be improved to provide Integrated Demand Side Management (IDSM) to the low income community?

b. What IDSM activities are being pursued in the ESA Program?

c. What IDSM activities can and should ESA Program pursue, in the short, medium and long term?

TELACU et. al. does not have answers to these three questions and recommend further workshops and/or comments on the issue.

Demand Response Programs

d. Are current residential Demand Response programs (such as AC recycling) attracting low income customers? If not, what can be done to improve that?

According to one study households are just as responsive as non-low-income households when responding to critical peak pricing. [1] The study compared four dynamic pricing pilot programs and one full-scale program to assess the price responsiveness of low income customers spanning Maryland, Connecticut, the District of Columbia, and California. However, in PG&E's portion of the study, the report stated that only 7% of low-income households responded compared to 23% of non-low-income households. There are fewer appliances that can be adapted to DR strategies in low-income households. Mechanical air conditioners, which are a prime candidate for DR program, are a luxury in many households; however, replacing them with newer upgraded evaporative coolers would make more sense and benefit in both an EE and Demand Response sense for a low-income household.

e. Could more or better targeted marketing efforts increase the number of low income customers enrolled in residential Demand Response programs? If so, how?

If the marketing effort includes DR education on a personal level and low-income customers had a better understanding of DR there would be greater participation. To date little if

[1] "The Impact of Dynamic Pricing on Low Income Customers" Institute for Electric Efficiency Whitepaper (Updated), September 2010, http://www.edisonfoundation.net/iee/reports/IEE_LowIncomeDynamicPricing_0910.pdf

any effort has been focused on providing low-income, hard-to-reach, non-technical ratepayers with appropriate information that would help them understand the concept and then stimulate the enrollment in a customized DR program, should one be developed, that targeted the needs of low-income households, especially the elderly. The ESA Program is in the best position to provide enhanced energy education demand response (EE/DR) to these households.

f. Could the deployment of Smart Meters provide opportunities for this in the medium and long run? If so, how?

TELACU et. al. are aware the Commission has made a major ratepayer commitment to "Smart Meters," (Advanced Metering Infrastructure, AMI).

- PG&E July 2006 $1.7 Billion "5 million electric meters and 4 million gas meters over the next 5 years."
- SDG&E April 2007 $572 million, 1.4 million new, AMI-enabled, solid state electric meters and 900,000 AMI enabled gas modules
- SCE September 2008 $1.63 Billion, "From 2008 through 2012, Edison will install approximately 5.3 million new Smart Meters that can, among other things, measure energy usage on a time-differentiated basis."
- SoCalGas April 2010 $1.057 Billion, 6 million AMI gas modules between 2009 and 2015
- Total AMI Funding: $4.959 Billion [2]

TELACU et. al. are committed to making this AMI investment work for low income ratepayers. While TELACU et. al. does not have firsthand knowledge of the effect of AMI on low income ratepayers, we are aware of at least one study whose "core finding is that low income customers are responsive to dynamic rates and that many such customers can benefit even without shifting load. These results are encouraging. Contrary to the arguments about the inability of low income customers to respond to price signals, these results show that low income customers do shift their load in response to price signals." [3]

IDSM as it relates to smart meters means changing customer behavior and giving them the information needed to make decisions. Utilities will be collecting a large amount of usage data. The focus should now be to make this data usable and actionable for low income customers. Regardless of what enabling technology is used (in-home displays, autodialers, etc.)

[2] The Benefits of Smart Meters, http://www.cpuc.ca.gov/PUC/energy/Demand+Response/benefits.htm, March 30, 2010

[3] "The Impact of Dynamic Pricing on Low Income Customers" Institute for Electric Efficiency Whitepaper (Updated), September 2010, http://www.edisonfoundation.net/iee/reports/IEE_LowIncomeDynamicPricing_0910.pdf

making customers aware is the first step and will require a great deal of education in order for low income ratepayers to understand, appreciate, use, and benefit from, Smart Meters.

The best channel for low income households is the ESA Program. There must be an integrated effort so that in each visit 1) customers are scheduled to receive all feasible measures and 2) customers receive in-person education (the most valuable kind) on, among other things, the future changes to their rates. This visit can also determine each customer's ability to participate in dynamic pricing by identifying technical literacy and choosing the preferred means of ongoing communication for each customer, which can shape eventual rollout of Time of Use pricing programs for low income households.

g. *Could existing or new Demand Response programs be coordinated with ESA Program so as to provide information to customers in a unified fashion? If so, how?*

If the marketing effort includes DR education on a personal level and low-income customers had a better understanding of DR there would be greater participation. To date little if any effort has been focused on providing low-income, hard-to-reach, non-technical ratepayers with appropriate information that would help them understand the concept and then stimulate the enrollment in a customized DR program, should one be developed, that targeted the needs of low-income households, especially the elderly. The ESA Program is in the best position to provide enhanced energy education demand response (EE/DR) to these households.

Solar Programs

h. *Are there aspects of the Single Family Affordable Homes (SASH), Multi-family Affordable Homes (MASH), or low income hot water heating programs that could be coordinated with ESAP? If so, what are they?*

i. *Could this coordination start with joint ESA Program/solar marketing materials, in the short run? If so, how? If not, why?*

j. *How should we go about developing a strategy for more complete coordination of ESAP with existing solar programs in the medium and long run?*

We answer these three related questions below.

Decision 08-11-031, Ordering Paragraphs 57 and 58 state:

> 57. In accordance with D.07-11-045, the Commission directs the utilities to remove any barriers to LIEE participation for eligible customers who wish to participate in the

CSI low income programs. Solar applicants shall be fast-tracked through the LIEE program in the event that a waiting list for LIEE measure installation exists.
58. Low income single family homeowners may receive solar facilities (1) if they have already received all feasible LIEE measures, or (2) if they are on the waiting list to receive such measures.

Clearly, this a mandate for ESAP coordination. But there are problems in the current low income components of the California Solar Initiative (CSI) SASH and Thermal Programs. Several of these problems are described in a Protest (attached) recently delivered to the Commission by TELACU et. al. [4]

First, briefly, the current SASH program appears to be failing to reach goal. D.07-11-045, Appendix A, page 8, established Milestones and Evaluation Criteria for the low income Single Family Solar Affordable Homes program.

"The low-income solar program should reach the following milestones:"

… 2. By the end of 2010, 1,000 PV systems shall be installed on low-income, single-family homes."

But SASH Program Administrator, GRID Alternatives, 2010 4th quarter report shows: "At the end of Q4 2010, 331 PV-systems have been installed and interconnected..." And GRID Alternative's 2011 3rd quarter report shows total installed: 862. [5]

The SASH Program will operate either until December 31, 2015, or when all funds available from the program's incentive budget have been allocated, whichever event occurs first. Public Utilities Code Section 2852(c)(3) requires that any program dollars remaining unspent or unencumbered on January 1, 2016, are to be used for Low Income Energy Efficiency programs. The program budget for incentives is $92 million. The amount spent/encumbered through Q3 2011 is $29 million. At this rate is appears the program may not reach goals nor expend its funds. The Commission should find out the reasons for this apparent failure to reach goals so as to avoid similar problems in the Thermal program and to allow smooth coordination with ESAP.

[4] "The Joint Protest of The East Los Angeles Community Union (TELACU), the Maravilla Foundation, and the Association of California Community and Energy Services (ACCES) to the Proposed Revisions to the California Solar Initiative Thermal Program Handbook to Implement Decision (D.) 11-10-015 to Incorporate the Low-Income Solar Water Heating Incentive Program as set forth in Appendix A to the Decision." January 20, 2012
[5] Reports found here http://www.gridalternatives.org/sash/progress-reports

Next, the recently issued CSI Thermal Solar Handbook contains errors and misinterpretations which must be corrected before any coordination with ESAP.

We urge the Commission to conduct workshops on the issue of improving the existing CSI low income programs and to smoothly integrate them into ESAP.

<u>Integration of EE, Demand Response, Solar</u>

k. What is the best way to develop a long term strategy for integration of Energy Efficiency, Demand Response, solar and other distributed generation, and other programs and technologies, so as to better enable low income customers to manage their loads?

Please see answer "J" above.

l. Can Smart Meters and other Smart Grid improvements provide us with new opportunities to do this? If so how?

Please see answer "f" above.

<u>Size of Effective California Alternate Rate for Energy (CARE) Discount</u>

*3. Toward better aligning the size of the effective CARE discounts toward the discounts envisioned in P.U. Code § 739.1, **<u>all parties</u>** are directed to respond to the following:*

a. To better align the effective CARE discounts back to the legislated mandate, would changes be required to Commission decisions, or the P.U. Code, or both?

b. If so, what changes to either Commission decisions or the P.U. Code or both would you recommend to better align the effective CARE discounts back to the legislated mandate, while minimizing rate shock to CARE customers?

TELACU et. al. takes no position on the issue of the CARE Discount Rate.

<u>Division of Ratepayer Advocates's proposal of installing "Tangible Bill Savers"</u>

*8. **<u>Division of Ratepayer Advocates (DRA)</u>** is directed to elaborate on its proposal for "Tangible Bill Savers" and the **<u>IOUs and other parties</u>** are also directed to respond as follows:*

a. Explain whether DRA's proposal of installing "Tangible Bill Savers" at the initial enrollment/assessment visit can be readily implemented. If so, explain how. If it is not, then explain why not.

b. Explain whether the same contractor enrolling the customers are able to also perform these installations, and if so, explain why this does not occur today.

Because questions 8a. and 8b. are closely related, we will answer both below.

DRA's list of "Tangible Bill Savers," includes refrigerators, CFLs, low flow showerheads, faucet aerators, thermostatic shower valves, power strips, and FAU standing pilot light conversion. DRA's proposal of installing "Tangible Bill Savers" at the initial enrollment/assessment visit cannot be readily implemented and we will explain why not, and will explain why the same contractor is not now performing these installations.

As far as we are aware, virtually all ESAP contractors hire properly licensed persons whose job it is to do outreach, enrollment, and an assessment of the home to determine which eligible measures may be installed in the home and, until prohibited by D0811031, installed CFLs at time of home assessment and delivered in-person energy education. (D0811031 ruled that an income eligible household whose home is assessed for all eligible measures CANNOT receive energy education nor CFL's if they do not meet the 3 Measure Minimum Rule, a prohibition we believe should be overturned in any case).

Generally, those "Outreach & Assessment" workers (sometimes called "sales representatives") are not qualified to perform the more complex installations which may be required. Though it might appear that low flow showerheads and faucet aerators are simple, they can become very complicated if suffering from corrosion or other damage. Thus, properly licensed and trained workers follow up after the outreach and assessment worker to install the other more technically-complicated measures. Those gas and electric measures require a skilled and experienced worker as safety is a critical component of the installation. The skill sets for an effective outreach employee with people/sales skills usually does not overlap with installers who have the necessary building trades skills and backgrounds (construction, electrical, plumbing, or HVAC) and, importantly, are often NGAT trained.

The removal and recycling of old refrigerators and the delivery of new ones requires trucks different from the trucks which carry the tools and materials required for the installation of other measures and it would be unrealistic to expect sales representatives to have the skills, tools, trucks, and materials to install the "Tangible Bill Savers" at the initial enrollment/assessment visit. Only a small percentage of ESAP homes are currently eligible to receive refrigerators. Imagine how inefficient and costly to the program it would be to outfit each outreach worker throughout the state with a refrigerator-laden truck containing a variety of models, have them uncrate, hand truck to the kitchen, set-up, and remove and recycle the old unit. It is far more environmentally sound to aggregate deliveries into shorter routes in targeted areas with crews that are experienced handling refrigerators. This would also reduce the number of units accessed by outreach workers on a daily basis which would require contractors to hire more workers, outfit more vehicles, and require more training for a one in six chance to deliver a new refrigerator at the time of enrollment.

So, no, DRA's proposal of installing "Tangible Bill Savers" at the initial enrollment/assessment visit cannot be readily implemented. It would require major program changes and would not improve the program but would, instead, make it more costly and less efficient.

Recommendation: Allow Contractors, who do both outreach/educations and the EEM installations, the option to decide the best way to enroll, survey the home, and install measures, including Tangible Bill Savers.

Cost Effectiveness Tests and Measures

Questions 24 through 28.

While TELACU et. al. has a long experience with the Commission's low income energy efficiency programs and, based on that experience, is able to knowledgably describe the evolution of the policy issues facing the Commission over those years, [6] TELACU et. al. does not have the technical expertise to thoughtfully answer questions 24 through 28. On issues such as these, we have relied upon the recognized technical expertise of outside consultants such as JBS Energy, Inc. [7] Due to the way this proceeding has evolved, and due to funding constraints, we have been unable to engage JBS Energy, or another expert consultant, on these issues in a timely manner. Therefore, we do not answer those questions here but, respond to question *28 (e) Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the potential improvements to the cost-effectiveness methods.*

We urge further workshops and comments on these issues. We believe we will be able to engage expert consultants to provide useful information to the Commission on these issues.

[6] "The Testimony of James Hodges on behalf of the The East Los Angeles Community Union (TELACU), the Association of California Community and Energy Services (ACCES), and the Maravilla Foundation." Pages 3-21
[7] "The Testimony of James Hodges, Page 23

Procedural Options: Workshops, Working Groups, Hearings

38. Assuming the issue of multifamily sector would be further explored beyond April of 2012, all parties are directed to respond to the following:

a. ***Explain whether the multifamily sector issues should be explored through a process headed by a working group, by an Energy Division-led workshop process, a hearing or any combination of such.***

Each method listed to further the discussion of the MF sector has merit. However, unlike the workshop conducted on MF issues, that was completely controlled by one special interest group and totally biased towards the issues of one of the smallest multifamily market sub-segments (assisted multifamily housing) any and all those involved in the delivery of services to multifamily market must be adequately represented and include not only IOUs, the assisted/public housing representatives, but also private owners or non-assisted MF housing complexes, and program implementers.

One way to achieve an outcome which benefits all ratepayers equally is to hold both ED-led information gathering workshops followed by working groups to hammer out programmatic details. Because the multifamily market crosses a number of utility/CPUC programs (low-income, midi, non-residential, etc.) representatives from these CPUC and IOU programs should also be involved and not only the low-income program representatives.

b. ***Explain the pros and cons of each foregoing procedural options (working group versus workshops versus hearing or combinations).***

Working groups function well when they are directed and issues to be discussed are established before the group convenes. They can be a waste of time if allowed to proceed without firm direction and timelines. Workshops, if allowed to be developed by special-interest groups can be one-sided and divisive and a waste of time. Hearings are too formal and do not allow dialoging to occur.

c. ***Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the multifamily sector issues.***

N/A

Respectfully submitted, January 23, 2012

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January 20, 2012

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Facsimile: (415) 703-2200

Re: Protest to Proposed Revisions to the California Solar Initiative Thermal Program Handbook to Implement Decision (D.) 11-10-015 to Incorporate the Low-Income Solar Water Heating Incentive Program as set forth in Appendix A to the Decision.

Attached please find "The Joint Protest of The East Los Angeles Community Union (TELACU), the Maravilla Foundation, and the Association of California Community and Energy Services (ACCES) to the Proposed Revisions to the California Solar Initiative Thermal Program Handbook to Implement Decision (D.) 11-10-015 to Incorporate the Low-Income Solar Water Heating Incentive Program as set forth in Appendix A to the Decision."

This Protest includes

Advice No. 27 (California Center for Sustainable Energy),
Advice No. 3270-G (Pacific Gas and Electric Company –U 39 M),
Advice No. 4318 (Southern California Gas Company – U 904-G).

Copies of this Protest are also being emailed and faxed to

Maria Salinas (mas@cpuc.ca.gov),
Honesto Gatchalian (jnj@cpuc.ca.gov) of the Energy Division, and

Andrew McAllister
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California Center for Sustainable Energy
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Sincerely,

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.	Rulemaking 10-05-004 (Filed May 6, 2010)

The Joint Protest of
The East Los Angeles Community Union (TELACU),
the Maravilla Foundation, and
the Association of California Community and Energy Services (ACCES)
to the
Proposed Revisions to the California Solar Initiative Thermal Program Handbook to Implement Decision (D.) 11-10-015 to Incorporate the Low-Income Solar Water Heating Incentive Program as set forth in Appendix A to the Decision.

TELACU, the Maravilla Foundation, and ACCES hereby protest the following Advice Filings dated January 4, 2012:

Advice No. 27 (California Center for Sustainable Energy),
Advice No. 3270-G (Pacific Gas and Electric Company –U 39 M),
Advice No. 4318 (Southern California Gas Company – U 904-G)
Subject: Proposed Revisions to the California Solar Initiative Thermal Program Handbook to Implement Decision (D.) 11-10-015 to Incorporate the Low-Income Solar Water Heating Incentive Program as set forth in Appendix A to the Decision.

Our protest concerns several conflicts between Decision 11-10-15 (Decision) and the California Solar Initiative Thermal Program Handbook Rev7.0 (Handbook) in the areas of eligibility, coordination with LIHEAP and DOE programs, the "financing gap," and sales restrictions. And finally, in order to learn valuable lessons for the gas side low income thermal solar program, the Commission should find the reasons why the electric side SASH program appears to be failing to reach goals.

We request the Commission make the changes requested below and to request comments or schedule workshops to deal with issues raised in this Protest.

1. Program Eligibility

Our first area of concern is program eligibility. The Decision (page 11) says, "ACCES opposes the Staff proposal to rely on SASH eligibility guidelines, claiming the SASH guidelines are too restrictive. Instead, ACCES urges the Commission to base eligibility requirements on Section 2866 alone, i.e., customers participating in LIEE programs.

We will not require applicants to meet the SASH eligibility guidelines, as proposed by Staff. Section 2866(c) allows the Commission to extend eligibility to residential housing occupied by ratepayers participating in a Commission-approved and supervised gas corporation LIEE program who occupy a single-family home. Given this language, *applicants may qualify for low-income SWH incentives by <u>either</u> meeting the definition of low-income residential housing in Section 2861 <u>or</u> by participating in a qualifying gas corporation LIEE program."* (emphasis added).

Further, the Decision (page 12) says,

> "In summary, we determine that to qualify for the low-income SWH incentives through the CSI Thermal program, applicants must meet all of the following requirements:
>
> - The project's site must be within the service territory of, and receive natural gas service from PG&E, SoCalGas, or SDG&E;
> - The applicant must install a SWH system with a Solar Rating and Certification Corporation (SRCC) OG-300 rating that displaces the use of natural gas, and which has not already received an incentive through the CSI Thermal Program;
> - The SWH system must meet the requirements in Section 2864, including but not limited to system design, installation, energy output, and system warranty;
> - The residence must be occupied by the homeowner *<u>and/or applicant</u>;* and
> - *<u>Either</u> a) the household must currently be participating in a Commission-approved and supervised gas corporation LIEE program (now known as ESAP); <u>or</u> b) the residence must meet the definition of low-income residential housing in Section 2861(e)."* (emphasis added).

But, contrary to the Decision, the Handbook includes SASH eligibility guidelines and requires that the home must be occupied by the homeowner.

<u>1a. SASH Eligibility Guidelines</u>

On pages 9 and 10 the Handbook requires SASH eligibility guidelines:

> "The property at which the system will be installed must meet one of the following conditions:
> 1. a resale restriction between the homeowner and a public entity or a qualifying nonprofit affordable housing provider;

> 2. an equity sharing agreement for which the homeowner does not receive a greater share of equity than described in paragraph (2) of subdivision (c) of Section 65915 of the Government Code, between the homeowner and a public entity or a qualifying nonprofit affordable housing provider;
> 3. a presumed resale restriction that exists because the residence is located in an enterprise zone, including Targeted Employment Areas (TEAs), as determined by the California Department of Housing and Community Development; or
> 4. a presumed resale restriction that exists because the property is located in an area that was included in a neighborhood revitalization strategy as part of the local municipality's consolidated community development plan filed with the federal Department of Housing and Urban Development."

These SASH eligibility requirements were explicitly rejected by the Decision and should be removed from the Handbook for the thermal program.

<u>1b. Homeowner Occupation</u>

The Handbook at page 9 says,

> "To qualify for low-income SWH incentives for a single-family residential property, the additional requirements must be met:
> - The host site must be occupied by the homeowner; "

This is incorrect. The Decision says "The residence must be occupied by the homeowner *<u>and/or applicant</u>.*" The Handbook should thus be corrected.

<u>1c. ESAP Participation</u>

Contrary to the Decision, the Handbook continues,

> "The household *must have registered* in a Commission approved and supervised gas corporation Energy Savings Assistance Program (ESAP);" (emphasis added).

Again, this is incorrect. The Decision says "*<u>Either</u> a) the household must currently be participating in a Commission-approved and supervised gas corporation LIEE program (now known as ESAP); <u>or</u> b) the residence must meet the definition of low-income residential housing in Section 2861(e).*" (emphasis added). The Handbook should be thus corrected.

Further, in ESAP, customers "participate" in the program, are "enrolled" in the program, and homes are "treated." "Registered" is not a program term and the Handbook language should reflect the terminology of the Decision and the Program. The Commission should also clarify that the Decision language which states "the household must currently be participating in a

Commission-approved and supervised gas corporation LIEE program (now known as ESAP)," does not exclude homes previously treated in the ESAP. This change should be included in the Handbook. We suggest "the household must currently be participating, *or have previously participated,* in a Commission-approved and supervised gas corporation LIEE program (now known as ESAP)."

2. The "financing gap" and leveraging the federal LIHEAP and DOE programs

The CSI Thermal Program has processed a total of 153 rebates statewide for natural gas displacing systems since starting up in May of 2010. [1] Program data show the following:

- Average Installed Cost of System: $8,983
- Average Annual Energy Savings (natural gas only): 126 therms
- Average CSI Rebate (natural gas only): $1,487

The current Low-Income Thermal Program will provide incentives to low-income households that double the rebate of the current non-low income program participants. Based on the current average installed cost about $9,000 and a possible rebate about $3,000, low-income participants will still be required to fund the bulk of the costs, about $6,000 per system at current installed cost, making it unaffordable for most low-income households. We anticipated such a problem and, as the Decision notes (page 12),

> "Finally, ACCES recommends the Commission allow federal Department of Energy agencies to apply for the CSI Thermal low-income incentives in order to leverage federal funding for SWH through weatherization programs and low income energy assistance. We encourage federal agencies to apply for incentives on behalf of any ratepayers who otherwise meet the eligibility criteria above."

We suggest the following language to ensure the opportunity for leveraging between the federal and CPUC programs: "the household must currently be participating, *or have previously participated,* in a Commission-approved and supervised gas corporation LIEE program (now known as ESAP), *or in the federal Low Income Home Energy Assistance Program or DOE Low Income Weatherization Assistance Program*."

3. Issues for further examination by the Commission

3a. 10-Year Sale Restriction

[1] https://www.csithermal.com/public_export data file accessed 01/17/2012

AB 1470 requires the Commission to establish and enforce conditions on the installation of SWH systems on low-income properties to ensure these properties remain low-income residential properties for at least 10 years from the time of installation. This is another burden placed on low-income households which poses limitations on the low income program not experienced by non-low-income households. Most households (low-income or not) do not know if they will own their home in ten years or even in the next two or three years.

This requirement raises a number of questions. What is the disposition of the system if a single homeowner dies before ten years and the house is sold? What if the household gets out of low-income status but does not move or sell their home? What if the household has to move for employment? In the statute we find no restrictions on the sale of the solar system so, conceivably, the program participant could sell the system but not be able to sell the home. The 10 year condition does not apply to non-low-income households who are receiving ratepayer funded incentives at a lower level.

The enabling legislation is in need of revision if this program is to succeed; however, since this is not likely to happen before the program is implemented and since the Commission is required to ensure that these properties are held by low-income households (which requires that the household remains in a low-income condition) we suggest the following for consideration:

Place the "low-income portion" of the incentive on a 10-year deed restriction or lien that reduces the amount owed if the house is sold on a pro-rated basis (10% per year). Since non-low-income incentives are not restricted, the added low-income incentive benefit or half of the incentive should be "restricted" or conditioned as these restrictions are not placed on non-low-income participants.

3b. Determine the reasons for the SASH program's apparent failure to reach goals.

D.07-11-045, Appendix A, page 8, established Milestones and Evaluation Criteria for the low income Single Family Solar Affordable Homes program.

> "The low-income solar program should reach the following milestones:"
> … 2. By the end of 2010, 1,000 PV systems shall be installed on low-income, single-family homes."

But SASH Program Administrator, GRID Alternatives, 2010 4th quarter report shows:

"At the end of Q4 2010, 331 PV-systems have been installed and interconnected..." And GRID Alternative's 2011 3rd quarter report shows total installed: 862. [2]

The SASH Program will operate either until December 31, 2015, or when all funds available from the program's incentive budget have been allocated, whichever event occurs first. Public Utilities Code Section 2852(c)(3) requires that any program dollars remaining unspent or unencumbered on January 1, 2016, are to be used for Low Income Energy Efficiency programs. The program budget for incentives is $92 million. The amount spent/encumbered through Q3 2011 is $29 million. At this rate is appears the program may not reach goals nor expend its funds. The Commission should find out the reasons for this apparent failure to reach goals so as to avoid similar problems in the Thermal program.

Conclusion

We respectfully request the Commission order the specific changes recommended above and suggest comments or workshops on the larger program issues raised here.

Respectfully submitted, January 20, 2012

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[2] Reports found here http://www.gridalternatives.org/sash/progress-reports