



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**FILED**  
10/05/20  
04:59 PM

Order Instituting Rulemaking to Investigate  
and Design Clean Energy Financing Options  
for Electricity and Natural Gas Customers.

Rulemaking 20-08-022  
(Filed August 27, 2020)

**THE PROTECT OUR COMMUNITIES FOUNDATION COMMENTS ON  
THE ORDER INSTITUTING RULEMAKING TO INVESTIGATE AND DESIGN  
CLEAN ENERGY FINANCING OPTIONS FOR ELECTRICITY AND NATURAL GAS  
CUSTOMERS**

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Dated: October 5, 2020

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Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, The Protect Our Communities Foundation (“PCF”) submits these comments on the Order Instituting Rulemaking (OIR) R.20-08-022 to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers.

**I. INTRODUCTION**

PCF concurs that to date, “. . . *the Commission has thus far lacked a cohesive and comprehensive strategy for helping customers finance energy improvements to their homes and buildings.*”<sup>1</sup> These comments on the OIR address recommended additions to the OIR. PCF recommends that the scope should be expanded to include consideration of the successful Hawaii IOU Green Money Saver (GEM\$) residential and commercial on-bill programs. GEM\$ includes both on-bill financing (OBF) and on-bill repayment (OBR), and a mix of ratepayer funds and private capital, to fund whole house solar + battery storage retrofits on rental units and owner-occupied properties. The GEM\$ program largely meets the Commission’s definition of success

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<sup>1</sup> OIR, p. 29.

for this investigation – “*The most successful long-term strategies are likely to involve the use of a small amount of ratepayer support, coupled with a much larger amount of private capital provided by financial institutions.*”<sup>2</sup> The objective of the assessment of the GEM\$ program would be to design and implement a similar program in California to assure that “*distributed generation resources are made available for all ratepayers.*”<sup>3</sup>

## **II. THE SCOPE OF THE INVESTIGATION SHOULD BE EXPANDED TO ADDRESS SUCCESSFUL OUT-OF-STATE PROGRAMS**

The scope of the OIR should be expanded to include investigation of operational OBF and OBR programs in other states that are meeting the R.20-08-022 objectives of: 1) “. . . *ensur(ing) equity and inclusion of different types of customers, so that benefits accrue to the broadest possible set of customers, regardless of income or credit history,*”<sup>4</sup> and 2) “. . . *(inclusion of) customers who are low to moderate-income, renters, and/or living in disadvantaged, underserved, or vulnerable communities.*”<sup>5</sup> Large-scale operational IOU OBF and OBR programs with a proven track record already exist that could serve as a model.

Specifically the scope should be expanded to investigate the GEM\$ OBF and OBR programs, which available to owners and renters.<sup>6</sup> Forty-three percent of customers in Hawaii are renters,<sup>7</sup> underscoring the importance of the inclusion of renters in a program intended to reach all ratepayers.

The GEM\$ program includes the following attributes:<sup>8,9</sup>

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<sup>2</sup> Ibid, p. 31.

<sup>3</sup> California Public Utilities Code § 379.6(i).

<sup>4</sup> OIR, p. 32.

<sup>5</sup> Ibid, p. 2.

<sup>6</sup> Greentech Media, *Hawaii’s On-Bill Financing Program Unlocks Energy Upgrades for the Masses*, June 10, 2019. See: <https://www.greentechmedia.com/articles/read/justin-hawaii>.

<sup>7</sup> Ibid. “. . . 43 percent of Hawaii’s households are renters.”

<sup>8</sup> Hawaii Green Infrastructure Authority, *GEMS Financing Program – Homeowners or Renters*, website accessed April 12, 2020: <https://gems.hawaii.gov/participate-now/for-homeowners/>.

- GEM\$ ties the repayment obligation upgrades to the utility meter rather than to an individual.
- Participating homeowners, renters, small businesses and nonprofits pay back the cost to install rooftop solar panels, solar water heaters, heat pump water heaters and other energy-efficient equipment via a line-item charge on their monthly electric utility bill.
- Program participants pay no upfront costs — the loan is offered at a fixed interest rate of 5.5 percent with terms lasting up to 20 years.
- Approval does not require a credit check or income verification. Approval is based on a good utility bill payment history — no disconnection notices in the previous 12 months — and an estimate that the project will deliver a minimum 10 percent utility bill savings, including the repayment charge, after installation of the retrofit.
- Allows financing with no upfront cost for renters to finance solar systems and where the payment is transferable to the next renter.
- The GEM\$ program is available to all customers of the Hawaiian electric companies including: Hawaiian Electric, Maui Electric and Hawaiian Electric Light Company. Together they service about 95 percent of the state’s population.

Hawaii funds its GEM\$ program with \$150 million in state bonds. Both OBF and OBR are included in the scope of the GEM\$ program.<sup>10</sup> The GEM\$ program leverages its bond funding with private capital, with a typical project consisting of a roughly 50/50 split between GEM\$ funding and private capital.<sup>11</sup> As the Commission recognizes in the OIR, private capital should serve as the major funding source for the OBF and OBR programs.<sup>12</sup>

### **III. THE PROCEEDING SHOULD INCLUDE EVIDENTIARY HEARINGS**

PCF submits that evidentiary hearings are required.<sup>13</sup> The IOUs have historically been reluctant to consider OBF or OBR for residential customers, or open these programs to private capital to expand the number of customers served. It is reasonable as a result to recognize that

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<sup>9</sup> GreenTech Media, *Hawaii’s On-Bill Financing Program Unlocks Energy Upgrades for the Masses*, June 10, 2019. See: <https://www.greentechmedia.com/articles/read/justin-hawaii>.

<sup>10</sup> *Ibid.*

<sup>11</sup> Telephone communication between B. Powers and G. Yamamoto, Executive Director - Hawaii Green Infrastructure Authority, August 19, 2020.

<sup>12</sup> CPUC Decision D.19-03-001, Finding of Fact 10, p. 17.

<sup>13</sup> See Pub. Util. Code, §§ 729, 729.5, 747, and 770, all of which require or support evidentiary hearings in this proceeding.

factual disputes will arise during the course of this proceeding. The parties should be afforded a full and fair opportunity to rebut the utilities' claims regarding hurdles raised to implementing expansive OBF and OBR programs and to present evidence as to the cost effectiveness of other states' programs and to make their case.<sup>14</sup>

#### IV. CONCLUSION

The scope of the successor clean energy finance options proceeding should be expanded to include detailed examination of successful out-of-state OBF and OBR programs. Evidentiary hearings should be allowed and incorporated into the schedule.

Respectfully submitted,

/s/ Bill Powers, P.E.

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<sup>14</sup> *Caesar's Restaurant v. Industrial Accident Com.* (1959) 175 Cal.App.2d 850, 855 (“The right to [a fair and open hearing] is one of ‘the rudiments of fair play’[] assured to every litigant by the Fourteenth Amendment as a minimal requirement.[] The reasonable opportunity to meet and rebut the evidence produced by his opponent is generally recognized as one of the essentials of these minimal requirements”).