



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

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Order Instituting Rulemaking to Advance
Demand Flexibility Through
Electric Rates.

Rulemaking 22-07-005
(Filed July 14, 2022)

**THE GREENLINING INSTITUTE'S OPENING COMMENTS ON THE PROPOSED
DECISION ADDRESSING ASSEMBLY 205 REQUIREMENTS FOR ELECTRIC
UTILITIES**

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I. INTRODUCTION

Pursuant to the Proposed Decision Addressing Assembly Bill 205 Requirements for Electric Utilities (“Proposed Decision”) issued on March 27, 2024, The Greenlining Institute (“Greenlining”) respectfully submits these opening comments.

II. BACKGROUND AND SUMMARY OF RECOMMENDATIONS

The Greenlining Institute works towards a future where communities of color can build wealth, live in healthy places filled with economic opportunity, and are ready to meet the challenges posed by climate change. To achieve this vision, Greenlining is committed to building a just economy that is inclusive, cooperative, sustainable, participatory, fair, and healthy. Our multifaceted advocacy efforts aim to address the root causes of racial, economic, and environmental inequities. This includes advocating for energy equity policies that increase household wealth and decrease disproportionately high energy burdens in low-income and communities of color.¹

These comments focus on Section 3.4’s low-income ratepayer definition, along with Greenlining’s recommendations for embedding equity in the Proposed Decision more broadly. Greenlining recommends expanding the definition of low-income ratepayer to encompass households that qualify as low-income per area median income (AMI) standards.

The Commission should also embed equity in the Proposed Decision by including a section

¹ Dreobl, A., L. Ross, and R. Ayala. 2020. *How High Are Household Energy Burdens?* Washington, DC: American Council for an Energy-Efficient Economy: <https://www.aceee.org/research-report/u2006>

on equity considerations and ESJ impacts, creating a separate “Equity and ESJ Committee” to inform the working groups, and requiring the Large Utilities to consult with community-based organizations and to collect equity-centered metrics. Equity must be an active, ongoing, and evolving process in the IGFC design and implementation in order for the policy to be successful in addressing existing rate regressivity and existing inequities on low-income ratepayers. The Greenlining Institute welcomes the opportunity to work with the Commission to build a more equity-centered IGFC decision to benefit the most energy-insecure and energy-burdened communities in California.

III. THE COMMISSION SHOULD REVISE SECTION 3.4 LOW-INCOME RATEPAYER TO ENCOMPASS LOW-INCOME HOUSEHOLDS ACCORDING TO AREA MEDIAN INCOME (AMI) STANDARDS

Greenlining strongly recommends the Commission prioritize equity and affordability for low-income households over “ease of administration” for the Large Utilities.² Considering the Legislature’s intent in enacting AB 205, and given the worsening energy affordability crisis in California, it is not “reasonable” to define a low-income ratepayer “as a customer with a household income at or below 200 percent of the Federal Poverty Guidelines level applicable to that household under the CARE program.”³

Households with incomes at or below 200% of Federal Poverty Guidelines level represent only a subset of low-income households in California. Households meeting these federal thresholds have incomes of \$39,440 or less for a one- or two-person household, and \$49,720 or less for a three-person household. It is not reasonable to use Federal Poverty Guidelines levels to define low-income for purposes of the IGFC because these thresholds do not accurately reflect the reality of low-income communities in California.

A long standing problem with the Federal Poverty Guidelines level is that it fails to account for state and regional cost of living variations.⁴ California has a significantly higher cost of living than the national average, plus many in-state areas with even higher living expenses. California also has the highest rate of poverty in the U.S.⁵ Using the Federal

² Proposed Decision Addressing Assembly Bill 205 Requirements for Electric Utilities (R.22-07-005) (issued March 27, 2024), p. 18.

³ *Id.* at p. 18-19.

⁴ D. Imelda Padilla-Frausto and Steven P. Wallace, 2012 *The Federal Poverty Level Does Not Meet Data Needs of the California Legislature*: <https://healthpolicy.ucla.edu/publications/Documents/PDF/FPLBBFINAL4-30-12.pdf>

⁵ U.S. Census Bureau 2022 Supplemental Poverty Measure.

Poverty Guidelines as the sole mechanism for determining low-income means that all other low-income households in California with incomes falling outside of these restrictive federal thresholds will be lumped into paying the same fixed charge rate as California's wealthiest residents.

The Commission should revise Section 3.4 and Conclusion of Law #5 by expanding the definition of low-income ratepayer to also encompass households that qualify as low-income per area median income (AMI) standards.⁶ We urge the Commission to modify Tier 1 accordingly, but at minimum the Commission should revise the definition of low-income so that future efforts to improve the IGFC (such as through the Process Working Group) will be working from a strong and accurate definition. By narrowly defining low-income as those households with incomes at or below 200% of Federal Poverty Guidelines level, the Proposed Decision fails to advance energy affordability for those who need it most *now*, and it hampers the ability to improve the income tiers going forward.

IV. THE COMMISSION SHOULD INCORPORATE EQUITY AND ESJ ACTION PLAN PRINCIPLES INTO THE PROPOSED DECISION

Greenlining strongly recommends the Commission incorporate equity and Environmental and Social Justice (ESJ) Action Plan principles into the Proposed Decision, to the maximum extent possible. Greenlining defines equity as transforming the behaviors, institutions, and systems that disproportionately harm people of color. Equity means increasing access to power, redistributing and providing additional resources, and eliminating barriers to opportunity, in order to empower low-income communities of color to thrive and reach full potential. To operationalize equity in the Proposed Decision, Greenlining recommends the following four-step approach:⁷

1. Embed Equity in the Goals and Values: The Proposed Decision should explicitly state a commitment to equity and specifically identify and describe the low-income populations the IGFC seeks to benefit (*see also* Section III above).

⁶ Cal. Health & Safety Code §§ 50093, 39713, Cal. Code Regs. Tit. 32 , § 6932.

⁷ Mohnot, S.Sanchez, A., Bishop, J. 2019. *Making Equity Real in Climate Adaptation and Community Resilience Policies and Programs: A Guidebook*: <https://greenlining.org/wp-content/uploads/2019/08/Making-Equity-Real-in-Climate-Adaption-and-Community-Resilience-Policies-and-Programs-A-Guidebook-1.pdf>

2. Build Equity into the Process: Processes should deeply engage community members so as to learn about their priorities, needs and challenges regarding energy affordability. The information gathered should inform the development, implementation, and improvement of the IGFC.
3. Ensure Equity Outcomes: IGFC implementation must lead to equity outcomes that respond to low-income community needs, reduce energy burdens, and increase energy affordability.
4. Measure & Analyze for Equity: The IGFC should be regularly evaluated for equity successes and challenges in order to improve the policy going forward.

a. THE COMMISSION SHOULD EMBED EQUITY IN THE GOALS AND VALUES OF THE PROPOSED DECISION

In enacting AB 205, the Legislature intended to authorize an income-graduated fixed charge that benefits low-income ratepayers. To strengthen this state policy goal, Greenlining recommends the Commission add a section within the Proposed Decision on equity considerations and ESJ impacts, and supplement the Findings of Fact with supportive testimony regarding low-income ratepayers.

This recommendation aligns with ESJ Action Plan Goal 1: “Consistently integrate equity and access considerations throughout CPUC proceedings and other efforts.” Specifically, under Goal Index 1.1.1, the Tentative Work Plan specifies: “Consider a designated section on ESJ impacts in decisions, resolutions, and advice letters that impact customers, residents, or small businesses in ESJ communities.”⁸ Furthermore, the ESJ Action Plan goes on to acknowledge the value of “lessons learned from the COVID-19 pandemic” and recommends pursuing “opportunities to continue providing bill relief for ESJ customers struggling with arrears and disconnections.” To that end, under Goal Index 2.4.2, the Tentative Work Plan further specifies: “Ensure ESJ communities are meaningfully included in relevant proceedings and their lived experiences documented in the proceeding record.”

The record of this proceeding includes testimony highlighting the equity considerations of AB 205, as well as facts and data relevant to the lived experience of

⁸ CPUC Environmental and Social Justice (ESJ) Action Plan Version 2.0 (issued April 7, 2022), p. 29.

low-income communities. For example, Sierra Club’s Direct Testimony of John D. Wilson states:

“California is facing an energy affordability crisis. Energy bills have recently risen above \$300 a month in SDG&E and PG&E territories, and, between 2013 and 2021, rates grew by 37%, 6%, and 48% for PG&E, SCE, and SDG&E, respectively. Even with the positive effects of the CARE and FERA programs, low-income customers are struggling to afford electricity bills. ... [W]ithout the IGFC, low-income customers pay a substantially higher portion of their bills than higher-income customers. Nationally, low-income households spend three times as much on energy bills than other households. And as many as a quarter of California households are energy insecure, with low-income and communities of color most impacted.”⁹

Greenlining recommends adding a section within the Proposed Decision describing AB 205’s stated goals of benefiting low-income ratepayers given California’s ongoing energy affordability crisis, and detailing all equity considerations and ESJ impacts of authorizing an IGFC. The Commission should also supplement the Findings of Fact with key testimony regarding the lived experience of low-income ratepayers. This will help build equity and ESJ Action Plan principles into the foundation of the IGFC as well as in any future versions.

b. THE COMMISSION SHOULD BUILD EQUITY INTO THE IGFC PROCESS

The second step to operationalizing equity is designing processes that build capacity in low-income and disadvantaged communities and enable them to meaningfully engage in the development and implementation of policies that directly impact them. Creating equitable processes will help ensure these communities are able to influence and inform development, implementation, and improvement of the IGFC.

⁹ Sierra Club, Direct Testimony of John D. Wilson, at p. 29 (footnotes omitted). *See also* Opening Testimony of Tyson Siegle on Behalf of The California Environmental Justice Alliance at Section II.

Greenlining strongly recommends the Commission amend the Process Working Group in Section 4.3 and the Implementation Working Group in Section 5.8 by establishing a separate “Equity and ESJ Committee” to focus on equity, low-income, and ESJ considerations, and to inform both Working Groups of the same. Membership in each Equity and ESJ Committee should be open to anyone who wishes to participate, but it should also specifically include groups and representatives from low-income communities, disadvantaged communities, and tribal communities. Members must be compensated financially for their time, effort, and expertise and at minimum, the Commission should coordinate compensation through the CPUC’s Equity & Access Grant program.

c. THE COMMISSION SHOULD ENSURE EQUITY OUTCOMES IN IGFC IMPLEMENTATION

The third step in operationalizing equity deals with ensuring implementation will lead to equity outcomes. Implementation of IGFC must include mechanisms for identifying and developing strategies to avoid any potential unintended consequences that could inadvertently increase energy burdens on low-income households. In addition to our recommendation above to establish an “Equity and ESJ Committee” to inform the Implementation Working Group, we also recommend the Commission consult and engage with community-based organizations (CBOs) in all marketing, education and outreach (ME&O) efforts.

Specifically, the Commission should revise Section 5.6 to require that the Large Utilities consult and engage with CBOs in all stages of developing the ME&O plan required by the Proposed Decision. This recommendation aligns with the ESJ Action Plan Goal 2, under Goal Index 2.1.1 for “Alignment & Coordination Across Marketing, Education & Outreach (ME&O) Plans.” CBOs are a trusted presence in communities with on-the-ground expertise and are therefore uniquely positioned to help shape the ME&O plans.

d. THE COMMISSION SHOULD MEASURE & ANALYZE FOR EQUITY IN IGFC IMPLEMENTATION

The final step in operationalizing equity is to measure how equity has progressed and to examine whether equity goals were achieved. Operationalizing equity calls for policies to regularly evaluate their equity successes and make improvements going forward. Greenlining

appreciates that the Commission is requiring the Large Utilities to provide quarterly reports on IGFC implementation with specified metrics. Greenlining further recommends the Commission work with CBOs and the above-recommended Equity and ESJ Committee on finalizing the metrics required for evaluating the implementation of the IGFC. The CPUC should also strive to require collection of qualitative data that captures the experience of low-income households during implementation and how those households experienced actual bill changes.

V. CONCLUSION

The Greenlining Institute appreciates the opportunity to provide comments on the Proposed Decision. Greenlining recommends expanding the definition of low-income ratepayer to encompass households that qualify as low-income per area median income (AMI) standards. The Commission should further embed equity in the Proposed Decision by including a section on equity considerations and ESJ impacts, by creating a separate “Equity and ESJ Committee” to inform the Process and Implementation Working Groups, and by requiring the Large Utilities to consult with community-based organizations and collect equity-centered metrics.

Dated: April 16, 2024

Respectfully submitted,

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