

Decision PROPOSED DECISION OF ALJ TRAN(Mailed 4/26/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for 2021-2026 Program Years. (U39M)

Application 19-11-003

And Related Matters.

Application 19-11-004

Application 19-11-005

Application 19-11-006

Application 19-11-007

DECISION ON LARGE INVESTOR-OWNED UTILITIES' AND MARIN CLEAN ENERGY'S CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE), ENERGY SAVINGS ASSISTANCE (ESA), AND FAMILY ELECTRIC RATE ASSISTANCE (FERA) PROGRAM APPLICATIONS FOR PROGRAM YEARS 2021-2026

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Attachment 2- Guidance of the Energy Savings Assistance Program's Pilot
Plus and Pilot Deep Program

Attachment 3- Energy Savings Assistance Program's Compliance Filing Requirements

Attachment 4- Energy Savings Assistance Program's Multifamily Whole Building Solicitation Process

Attachment 5- Acronyms Referred in Decision

Attachment 6- Joint Stipulation-Affordable Broadband Internet Education and Outreach

Attachment 7- Exhibit List

**DECISION ON LARGE INVESTOR-OWNED UTILITIES' AND MARIN
CLEAN ENERGY'S CALIFORNIA ALTERNATE RATES FOR ENERGY
(CARE), ENERGY SAVINGS ASSISTANCE (ESA), AND FAMILY
ELECTRIC RATE ASSISTANCE (FERA) PROGRAM APPLICATIONS
FOR PROGRAM YEARS 2021-2026**

Summary

This decision approves the applications of the four major California Investor Owned Utilities: Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E), (collectively IOUs or Utilities) and sets forth the parameters for the administration of the California Alternate Rates for Energy (CARE), the Family Electric Rate Assistance (FERA) and the Energy Savings Assistance (ESA) programs. This decision approves budgets for, and directs the IOUs' administration of, the CARE, FERA and ESA programs for the 2021-2026 program cycle.

Commission Decision (D.) 19-06-022, the guidance document for these applications, directed the IOUs to present innovative design approaches taking into consideration the current environmental, financial and policy landscape. After reviewing the applications, reflecting on lessons learned from experience, and weighing the Energy Division staff proposal, party arguments, testimony, and comments, this decision authorizes \$11 billion in funding for the CARE, FERA and ESA programs for program years 2021- 2026 and is consistent with the statutory directive to reduce hardships on low income Californians.

For the CARE program, this decision:

- Maintains the enrollment goal of 90 percent for the 2021-2026 cycle.

- Eases recertification and verification rules for certain groups of CARE customers (fixed income households, CARE expansion program households, households identified as “highly CARE eligible,” and high usage households) to decrease barriers to participation.
- Increases the CARE capitation reimbursement rate to community organizations assisting with CARE enrollments to \$30 per enrollment.
- Approves and directs tailored marketing and outreach efforts to reach the program enrollment goals, including broadband outreach.
- Approves continuation and funding of the Community Help and Awareness of Natural Gas and Electricity Services program.
- Approves \$8.5 billion in funding for the 2021-2026 cycle.

For the FERA program, this decision:

- Establishes a 50 percent enrollment goal by 2023 and a 70 percent enrollment goal by 2026.
- Aligns the enrollment, eligibility, and verification rules of the program with that of the CARE program (except for income limits).
- Approves and directs tailored marketing and outreach efforts to reach the program enrollment goals.
- Establishes a FERA capitation program to reimburse community organizations assisting with FERA enrollments at a reimbursement rate of up to \$30 per enrollment.
- Approves a telemarketing pilot aimed at FERA eligible customers to better understand barriers to participation.
- Approves \$394 million in funding for the 2021-2026 cycle.

For the ESA program, this decision:

- Approves the Energy Division’s ESA program redesign concept on a pilot basis (ESA Pilot Plus and Pilot Deep program).
- Requires the IOUs to establish effective coordination efforts among low income and clean energy programs.

- Directs research into the development of a Universal Application System.
- Allows for customer self-certification to receive treatment of basic measures without income qualification or a waiver of property owner forms.
- Shifts the program towards a customer-centered prioritization model based on treating households based on need and customer profile.
- Approves new measures for the program that focus on deeper energy savings, while allowing the IOUs flexibility in managing the portfolio by updating the measure mixes through monthly reports.
- Approves customer prioritizations and treatments based on need.
- Establishes energy saving goals, with additional metrics to be tracked.
- Establishes non-energy benefit targets, with additional metrics to be tracked.
- Establishes household treatment targets, with additional metrics to be tracked.
- Establishes cost effectiveness guidelines.
- Approves and directs tailored marketing and outreach efforts to reach the program goals, including broadband outreach.
- Approves and directs targeted leveraging efforts to reach the program goals, including with local, state, and federal agencies, water and telecommunication agencies, and other low income programs.
- Approves and directs targeted workforce, education, and training efforts to reach the program goals, specifically targeting local and disadvantaged communities.
- Establishes a new multifamily whole building program.
- Approves various pilots and studies, including two electrification pilots.

- Establishes an ESA working group to continuously monitor program progress and make recommendations.
- Manages impacts to ratepayers' bills by carrying over unspent funds to offset revenue collection and avoids large accumulations of unspent funds balances.
- Prioritizes environmental and social justice issues and implements various efforts aimed at furthering the Environmental and Social Justice Action Plan goals.
- Denies Marin Clean Energy's multifamily whole building proposal.
- Approves \$2.2 billion in funding for the 2021-2026 cycle.

In authorizing this funding for the three programs, we affirm the important role that the CARE, FERA and ESA programs continue to play in the lives of low income Californians and communities. These programs will continue to directly benefit low income customers by reducing their energy bills, increasing the comfort and safety of their home, and promoting energy education and efficiency practices which lead to resource adequacy and a lower carbon footprint.

1. Background

1.1. The California Alternate Rates for Energy (CARE) Program

The CARE program is a low income energy rate assistance program established in 1989 to provide a discount on energy rates to low income households with incomes at or below 200 percent of the federal poverty guideline (FPG).¹ The program is authorized by Public Utilities (Pub. Util.) Code Section 739.1, which provides that:

[T]he commission shall ensure that the level of CARE discount for low-income electric and gas customers correctly reflects the level of need...subject to both of the following: (1) that the

¹ Pub. Util. Code § 739.1(a).

commission ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures, pursuant to subdivision (b) of Section 382; and (2) That the level of the discount for low-income electricity and gas ratepayers correctly reflects the level of need as determined by the needs assessment conducted pursuant to subdivision (d) of Section 382.² The entire discount shall be provided in the form of a reduction in the overall bill for the eligible CARE customer.³

The CARE program initially provided a 15 percent discount on natural gas and electric rates to residential households with income at or below 150 percent of the FPG. Today, the program provides a 20 percent discount on natural gas charges and a 30 to 35⁴ percent discount on electric rates to households with an annual income no greater than 200 percent of FPG. Customers must self-certify that their income meets the program eligibility requirement or that they are enrolled in a categorical qualifying income-based program to enroll into CARE.⁵ To protect the integrity of the self-certification option, the IOUs use a random sampling income-verification process, also known as post enrollment verification or PEV, that balances the desire for the maximum number of eligible customers to participate with the need to verify participant eligibility. Eligible customers consist of those living in residential single-family households, tenants of sub-

² Pub. Util. Code § 739.1.

³ Pub. Util. Code § 739.1(c)(3).

⁴ In 2013, the California state legislature revised Section 739.1(c) to require that the CARE electric discount be no less than 30 percent and no greater than 35 percent of the revenues that would have been provided for the same billed usage by non-CARE customers per California Assembly Bill (AB) 327 (Perea 2013).

⁵ The categorical eligibility process automatically considers low-income customers to be qualified for the CARE program if the customer is already enrolled in one of the Commission-approved means-tested low-income public assistance programs. Means-tested programs are low-income assistance programs in which the customer's income is verified by the appropriate state and federal agencies.

metered residential facilities, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers.⁶

The CARE program is funded by non-participating ratepayers as part of a statutory public purpose program surcharge that appears on their monthly utility bills.⁷

1.2. The Family Electric Rate Assistance (FERA) Program

The FERA program is another low income energy rate assistance program. It was established in 2004 to provide a discount on energy rates to low to middle income households with incomes between 200 percent and 250 percent of FPG. FERA was designed to assist larger households that are ineligible for the CARE program because their income level falls slightly above the CARE income eligibility limits.⁸ Eligible customers consist of households of three or more individuals, with the income threshold increasing with each additional individual living in the household.⁹ The program is authorized by Pub. Util. Code Section 739.12 which provides that:

(a) The commission shall continue a program of assistance to residential customers of the state's three largest electrical corporations consisting of households of three or more persons with total household annual gross income levels between 200 percent and 250 percent of the federal poverty guideline level. The program shall continue to be referred to as the Family Electric Rate Assistance or FERA program.

⁶ Pub. Util. Code § 739.2(a)(1)-(3).

⁷ Pub. Util. Code § 382.

⁸ FERA was authorized by D.04-02-057 as the Large Household Program.

⁹ FERA income limits: <https://www.cpuc.ca.gov/lowincomerates/>.

(b) The FERA program discount shall be an 18 percent line-item discount applied to an eligible customer's bill calculated at the applicable rate for the billing period.

(c) The commission shall authorize the state's three largest electrical corporations to increase or expand marketing and outreach efforts beyond those in effect as of December 31, 2018, to increase eligible customer participation in the FERA program.

The FERA program is funded by both participating and non-participating ratepayers through either customer distribution rates or statutory public purpose program surcharges that appears on their monthly utility bills.

1.3. The Energy Savings Assistance (ESA) Program

The ESA program is a no-cost energy efficiency program that provides home weatherization services and energy efficiency measures to help low income households conserve energy, reduce their energy costs/utility bills, and improve the health, comfort, and safety (HCS) of the home. The program also provides information and education to promote energy efficient practices in low income communities.

Initially offered as an assistance program directly from a few IOUs in the 1980s, the ESA program was later adopted and codified into statute in 1990. Pub. Util. Code Section 2790(a) provides:

The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers, as determined by the commission under Section 739, if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.

Income limits for program participation is set at 200 percent at or below FPG,¹⁰ and households eligible for program participation include residential single-family households, multifamily households, mobile homes, renters, and owners.

The ESA program is funded by both participating and non-participating ratepayers as part of a statutory public purpose program surcharge that appears on their monthly utility bills.

2. History and Procedural Issues

2.1. Commission D.19-06-022

On June 28, 2019, D.19-06-022 provided guidance to the utilities for their CARE, FERA and ESA program applications for post-2020. The IOUs were directed to present innovative design approaches taking into consideration the current environmental, financial and policy landscape. In designing the programs, the IOUs were to consider a number of statewide policies, environmental and social justice goals, best practices from other low income program models, appropriate opportunities for job training/creation or employment pathways for members of low income or disadvantaged communities (DACs), the 2016 Low Income Needs Assessment (LINA) findings, as well as the 2019 Potential and Goals Study results.¹¹ The intent was to design programs that focused on deeper energy savings and innovative program designs, while delivering health, comfort and safety benefits to low income households. We also directed the IOUs to file applications and budgets for the 2021-2026 CARE, FERA and ESA programs no sooner than November 4, 2019,

¹⁰ Pub. Util. Code § 739.1(a).

¹¹ D.19-06-022, 5-8.

and also adopted a funding level for bridge funding in 2021, should funding be required.¹²

2.2. IOU and MCE Applications

On November 4, 2019, the IOUs and MCE filed applications for the approval of the CARE, FERA and ESA programs and budgets for program years 2021-2026. These applications reflected proposals for new program budgets, delivery models, targets and goals, measures offerings, and marketing, outreach, and enrollment practices, among other program and policy changes. The IOUs filed these applications in compliance with D.19-06-022,¹³ while MCE filed its application in compliance with D.16-11-022 which approved MCE's multifamily Low Income Families and Tenants (LIFT) pilot and directed MCE to "use the application process if it elects to extend the LIFT pilot on a more permanent basis."¹⁴

Protests, comments and responses to one or more of the IOUs or MCE applications were received from PG&E, the California Emerging Technology Fund (CETF), the Public Advocates Office at the Commission (Cal Advocates), the Center for Accessible Technology (CforAT), the Energy Efficiency Council (EEC), the California Housing Partnership/National Consumer Law Center/Natural Resources Defense Council (collectively Joint Parties), Enervee, The East Los Angeles Community Union/the Maravilla Foundation/The Association of California Community and Energy Services (collectively TELACU et al.), and La Cooperativa Campesina de California/Maroma Energy Services INC./Proteus Inc. (collectively La Cooperativa et al.).

¹² D.19-06-022 Ordering Paragraphs 1 and 11 respectively.

¹³ D.19-06-022, Ordering Paragraph 1.

¹⁴ D.16-11-022, 390-391.

In response to the protests, comments and responses, SoCalGas filed a reply on December 20, 2019, and PG&E, SCE, SDG&E and MCE filed replies on December 23, 2019.

2.3. Hearings, Rulings and Workshops

On December 24, 2019, the assigned Administrative Law Judge (ALJ) Ava Tran issued a ruling to consolidate the above captioned proceedings from which this consolidated proceeding follows as A.19-11-003 *et al.*, set a date and time for the joint prehearing conference (PHC) and set a preliminary proceeding scope and schedule for the consolidated proceeding. Parties were also directed to prepare, file and serve PHC statements to address the party's (person's or entity's) respective position on the preliminary scope of issues and the recommended schedule set forth in the ruling, as well as any other issues, including pending protests and filings, relating to the scope and schedule of the consolidated proceeding.¹⁵

On January 8, 2020, PHC statements were received from the four IOUs, CforAT, EEC, CETF, Joint Parties, Cal Advocates, The Utility Reform Network (TURN), and TELACU *et al.* In their PHC statements, parties generally supported the preliminary scope.

On January 17, 2020, a PHC was held to discuss the issues of law and fact and to determine the need for hearings and schedule for the proceeding.

On February 18, 2020, a scoping memo and ruling was issued setting forth the proceeding scope and schedule, as well as other procedural matters.¹⁶

¹⁵ December 24, 2019 Administrative Law Judge's Ruling Consolidating Proceedings and Setting a Joint Prehearing Conference.

¹⁶ A.19-11-003 *et al.*, Assigned Commissioner's Scoping Memo and Ruling, February 18, 2020.

On May 11, 2020, the proceeding schedule was revised via an assigned ALJ email ruling in response to the Cal Advocates' request for a status conference to discuss the procedural schedule considering the postponement of one of the ESA workshops and potential work delays related to COVID-19.¹⁷

On May 22, 2020, the Commission held an all-party meeting to discuss CARE and the education and outreach being conducted during the COVID-19 pandemic. As a result, an assigned commissioner ruling was issued on June 15, 2020, urging the IOUs and all Class A and B water utilities with low income assistance programs to share low income customer information, and directed the IOUs to address additional CARE outreach related questions in their testimony.

On March 23, April 1, April 22, May 20-21 and June 3, 2020, Energy Division staff held a series of webinars and workshops to address specific elements of the IOU and MCE applications.

On June 25, 2020, the assigned ALJ issued a ruling to obtain further clarification and information regarding aspects of the IOU and MCE applications. The ruling also contained the Energy Division staff's proposed ESA program redesign (Staff Proposal).

On August 13, 2020, the IOUs, MCE, EEC, Enervee, The Protect Our Communities Foundation (PCF), and TELACU et al., filed a joint motion seeking a status conference to discuss: (1) the possibility of remote evidentiary hearings, (2) the Energy Division Staff Proposal; and (3) impacts of the COVID-19 pandemic.

¹⁷ May 11, 2020 ALJ Ruling modifying procedural schedule.

On August 18, 2020, Cal Advocates requested a one-week extension to file intervenor and rebuttal testimony to allow time to respond to recent amendments to the testimony of PG&E and SCE.

On August 19, 2020, the assigned ALJ issued a ruling denying the August 13, 2020 request for a status conference, and instead provided guidance to the parties and directed parties to comment on the issues impacting the proceeding schedule. Comments to the August 19, 2020 ruling were received from the IOUs, MCE, Cal Advocates, TURN, PCF, CETF, EEC, and the Joint Parties. In response, the proceeding schedule was further revised via an ALJ email ruling on August 26, 2020.¹⁸

On October 12, 2020, PCF filed a motion to request evidentiary hearings to 1) consider implementing whole house solar plus battery storage upgrades as proposed by PCF, 2) ascertain the extent to which the utilities are misapplying the Energy Savings Assistance Program Cost Effectiveness Test (ESACET), 3) consider adopting the Staff Proposal as an alternative to the utilities' applications, 4) discuss whether certain ESA program elements or pilots should be designed and implemented by a third party, and how that solicitation process should be structured, 5) consider directing CARE and ESA Funds to Whole House Solar Plus Battery Storage Upgrades, and 6) address disputes regarding barriers to CARE enrollment. Also, on October 12, 2020, the IOUs filed a joint statement indicating that no material issues of fact in dispute have been identified and submitted that evidentiary hearings would be unnecessary. TURN also issued a statement to the service list stating that it did not intend to move for

¹⁸ August 11, 2020 ALJ Ruling modifying procedural schedule.

evidentiary hearings. No other parties to this proceeding filed a motion for evidentiary hearings.

On October 14, 2020, the IOUs filed a joint response¹⁹ to PCF's motion stating that PCF failed to identify a single material fact in dispute that needed to be resolved via evidentiary hearings, and instead only presented legal and policy arguments. The Commission agreed, and on October 15, 2020, PCF's motion for evidentiary hearings was denied.²⁰

2.4. Testimony and Briefs

On October 26, 2020, parties filed a joint motion to offer testimony and exhibits into the evidentiary record. Testimony was served by the four IOUs, MCE, Joint Parties, Cal Advocates, CETF, Enervee, EEC, TELACU et al., Free Energy Savings Company, TURN, PCF, and La Cooperativa et al. Rebuttal testimony was also served by the four IOUs, MCE, Enervee, TURN, Joint Parties, EEC, and Cal Advocates.

Also, on October 26, 2020, PG&E and SDG&E filed separate motions to seal portions of the evidentiary record.²¹ PG&E stated that information it sought to protect either pertained to customer specific data which may have included demand, loads, names, addresses, and billing data, and/or was proprietary and trade secret information, or other intellectual property and protected market sensitive/competitive data. SDG&E stated that the information it sought to protect contained confidential contractor and incentive data protected from disclosure under General Order 66-D. No party commented on the requests. We

¹⁹ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K580/348580187.PDF>.

²⁰ <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=349245342>.

²¹ Pub. Util. Code §§ 454.5(g) and 583 addresses the Commission processes regarding confidential documents in general, while Rule 11.5 addresses sealing all or part of an evidentiary record.

grant PG&E and SDG&E's requests to treat portions of the evidentiary record as confidential.

We also grant the parties' joint motion to offer testimony and exhibits into the evidentiary record consisting of the following documents in Attachment 7. Furthermore, we grant the requests to treat certain exhibits as confidential as noted consistent with the treatment discussed above.

On November 20, 2020, opening briefs were filed and served by the four IOUs, MCE, TURN, Cal Advocates, PCF, Enervee, Joint Parties, EEC and TELACU *et al.*, and reply briefs were filed and served on December 18, 2020 by the four IOUs, MCE, TURN, Cal Advocates, CETF, PCF, Enervee, Joint Parties, EEC and TELACU *et al.*

3. Issues and Scope

The Scoping Memo identified the following issues to be resolved:²²

- A. Whether the proposed CARE program budgets are reasonable and should be established;
- B. Whether the proposed CARE program goals are reasonable and should be established;
- C. Whether the proposed CARE program design (including, but not limited to, eligibility, enrollment, recertification, verification, capitation fees, reporting, marketing, education and outreach) is reasonable and should be established;
- D. Whether the annual CARE eligibility filing should be changed from December 31 to February 12 each year;
- E. Whether the Community Help and Awareness of Natural Gas and Electric Services (CHANGES) program should continue to be funded from the CARE balancing account or

²² A.19-11-003 *et al.*, Assigned Commissioner's Scoping Memo and Ruling, February 18, 2020, 4-6.

- from another funding source as well as the appropriate funding levels;
- F. Whether the proposed FERA program budgets are reasonable and should be established;
 - G. Whether the proposed FERA program goals are reasonable and should be established;
 - H. Whether consideration of the FERA program should be moved entirely into the low income proceeding;
 - I. Whether the proposed FERA program design (including, but not limited to, eligibility, enrollment, verification, capitation fees, reporting, marketing, education and outreach) is reasonable and should be established;
 - J. Whether the proposed ESA program budgets are reasonable and should be established;
 - K. Whether the proposed ESA program goals are reasonable and should be established;
 - L. Whether the proposed ESA program design (including, but not limited to, eligibility, application and enrollment practices, focus on prioritized/targeted populations, measure mix, program delivery, marketing, outreach, reporting, and the workforce, education and training efforts/programs) is reasonable and should be established;
 - M. Whether the proposed multifamily program designs are reasonable and should be established;
 - N. Whether certain ESA program elements or pilots should be designed and implemented by a third party, and how that solicitation process should be structured;
 - O. Whether the IOUs should be granted flexibility to make ESA program adjustments (including fund shifting and measure modifications) via advice letters and regulatory reports;
 - P. Whether the ESA fund shifting rules should be modified;
 - Q. Whether the treatment of unspent and uncommitted funds should be modified or clarified;

- R. Whether an ESA Working Group should be established, including the convening of a public meeting every two years to replace the annual report public meeting;
- S. Whether the ESA programs are sufficiently cost effective, and whether any of the cost effectiveness tools or tests should be modified to better estimate program benefits and costs;
- T. Whether mechanisms to hold the IOUs accountable to timely spend program budgets and meet program goals should be established;
- U. Whether an ESA-CARE Study Working Group should be established to scope and approve specific ESA and CARE studies;
- V. Whether the term for the IOUs' Low Income Oversight Board member should increase from one year to two years;
- W. Whether the proposed pilots and studies are reasonable and should be approved;
- X. Whether the proposed programs take into consideration the Environmental and Social Justice Action Plan; and
- Y. Whether the proposal to fund education and outreach regarding affordable internet options out of the ESA-CARE program budgets is reasonable and should be established.

This decision addresses all the issues raised in the scoping memo and ruling. In total, these issues encompass the totality of the CARE, FERA and ESA programs and all the proposals set forth in the record of this proceeding. In approving the applications for the 2021-2026 CARE, FERA and ESA program cycle, we will discuss how we have modified the programs as set forth in the applications and in response to the testimony, comments, and briefs.

4. CARE Program

4.1. CARE Goals

4.1.1. Background

90 Percent Enrollment Goal: In D.08-11-031, the Commission established a CARE enrollment goal of 90 percent of all eligible customers. This goal was based on the results of the initial LINA study completed in 2007 which estimated that 90 percent of the eligible customers were willing or likely to participate in the CARE program.²³ As a result, the Commission has consistently required the IOUs to strive to meet the 90 percent enrollment goal.

Enrollment Calculation: The CARE enrollment rate, also known as “penetration rate,” is calculated for each IOU using the total enrolled CARE households as the numerator divided by the total eligible CARE households as the denominator. The total eligible CARE population for the state, as well as by IOU service territory, is calculated annually by an independent economic consultant and is required to be submitted jointly by the IOUs on December 31 of each year.²⁴

4.1.2. PG&E Proposal

90 Percent Enrollment Goal: PG&E states that it currently meets the 90 percent enrollment rate goal, with an estimated 2019 CARE enrollment rate of 95 percent.²⁵ PG&E’s application does not propose any additional goals for CARE participation.²⁶

²³ KEMA Consulting, “Final Report on Phase 2 Low Income Needs Assessment”, September 7, 2007, 7-19, http://www.calmac.org/publications/Needs_Assessment-Final_Report-Sept-2007.pdf.

²⁴ In D.12-08-044, the Commission granted the Joint Utilities’ request to file the annual CARE eligibility estimates on December 31 of each year.

²⁵ PG&E Prepared Testimony, II-19.

²⁶ *Id* at 0-5..

PG&E expects approximately 255,000 new households to be enrolled in CARE annually, and 537,000 households to be recertified annually in program years (PYs) 2021-2026.²⁷ PG&E expects roughly 1,530,000 households to be enrolled in CARE in PYs 2021-2026, based on historical program performance and newly eligible population estimates.²⁸

4.1.3. SCE Proposal

90 Percent Enrollment Goal: SCE states that its CARE enrollment rate, at the time of application submission, was 88 percent.²⁹ SCE states that they will continue trying to meet the 90 percent enrollment goal and does not propose any additional goals for participation. SCE expects that an increase in marketing efforts will help overcome the barriers that keep hard to reach customers from enrolling and combat historical attrition rates,³⁰ and proposes between 302,000 and 308,000 new enrollments each year for PYs 2021-2026.³¹

4.1.4. SoCalGas Proposal

90 Percent Enrollment Goal: SoCalGas states that it currently exceeds the 90 percent CARE enrollment goal, having reached 95 percent in August 2019.³² SoCalGas aims to maintain or exceed the 90 percent participation goal and does not propose any additional goals for participation. It hopes to obtain a net gain of nearly 86,000 customers during PY 2021-2026 and expects to maintain the

²⁷ *Id* at II-12.

²⁸ *Id* at II-26.

²⁹ SCE Prepared Testimony, III-1.

³⁰ *Id* at III-31.

³¹ *Id* at III-21.

³² SoCalGas Application, 8.

current enrollment rate of 95 percent.³³ These goals will be furthered by utilizing strategic marketing and outreach efforts to maximize enrollment opportunities.³⁴

4.1.5. SDG&E Proposal

90 Percent Enrollment Goal: SDG&E states that it currently exceeds the 90 percent CARE enrollment goal, having reached 93 percent in August 2019.³⁵ SDG&E proposes to maintain the 90 percent enrollment goal and does not propose any additional goals for participation. SDG&E proposes increasing enrollment in the CARE Program to approximately 308,000 households by PY 2026.³⁶

4.1.6. Party Positions

No substantive party comments were received on this topic.

4.1.7. Discussion

4.1.7.1. Percent Enrollment Goal: **Approved**

The Commission approves the IOUs' CARE goals to keep its CARE enrollment rate at or above 90 percent during PYs 2021-2026, which aligns with historical decisions which require the IOUs to meet a 90 percent CARE enrollment goal. Below are the approved goals.

Table 1: PY 2021-2026 CARE Participation / Enrollment Percentage Goals

PY 2021-2026 Approved CARE Goals				
	PG&E	SCE	SoCalGas	SDG&E
PY	Participation/ Enrollment Goal	Participation/ Enrollment Goal	Participation/ Enrollment Goal	Participation/ Enrollment Goal
2021				
2022	93%	90%	95%	90%

³³ *Id* at 23.

³⁴ *Id* at 24.

³⁵ SDG&E Application, 11.

³⁶ *Id* at 17.

2023	93%	91%	95%	90%
2024	93%	91%	95%	90%
2025	93%	91%	95%	90%
2026	93%	91%	95%	90%
	93%	92%	95%	90%

4.2. CARE Enrollment and Eligibility

4.2.1. Background

To enroll into the CARE program, current program rules allow households to self-certify that their income meets the program’s eligibility requirement without requiring income documentation, or categorically enroll (automatically qualifying the household) if the customer is already enrolled in one of the Commission-approved means-tested low income public assistance programs.³⁷ Households can also enroll into the program with the help of various community agencies that the IOUs partner with. These community based organizations (CBOs) or partners are reimbursed a “capitation fee” which vary by organization based on the efforts required by each organization to enroll households, with the maximum amount reimbursed set at \$20 per enrollment.

Once enrolled, CARE customers are required to recertify their CARE eligibility every two years, except for those low income customers on a fixed income who would recertify every four years.³⁸ For certain households that are also identified by PG&E, SDG&E and SoCalGas’ CARE probability models as having a “high likelihood” of being CARE eligible, the recertification requirement is extended from two years to four.

³⁷ The categorical eligibility process automatically considers low-income customers to be qualified for the CARE program if the customer is already enrolled in one of the Commission-approved means-tested low-income public assistance programs. Means-tested programs are low-income assistance programs in which the customer’s income is verified by the appropriate state and federal agencies.

³⁸ D.06-12-038, COL 39, 71.

To protect the integrity of the self-certification option, the IOUs currently use a random sampling income-verification process, also known as post enrollment verification (PEV), that balances the desire for the maximum number of eligible customers to participate with the need to verify participant eligibility. Additionally, if a CARE customer's electricity consumption goes over 400 percent of baseline in any monthly or billing period, they are automatically flagged for PEV. This is called the high usage (HU) PEV process.

Lastly, Pub. Util. Code Section (§) 739.2 allows for non-profit group living facilities, agricultural employee housing facilities and migrant farm worker housing centers to qualify for CARE in addition to residential households. This is known as the CARE Expansion program, and these customers are held to the same CARE requirement that they recertify CARE eligibility every two years.

4.2.2. PG&E Proposal

PG&E proposes no changes to the current self-certification, categorical eligibility, PEV or the income documentation processes and requirements.

Extending Recertification for the CARE Expansion Program: PG&E proposes to extend the CARE Expansion program certification period from two years to four years, stating that this change will reduce the administrative burden for resource-constrained benefitting organizations whose status remains unchanged. PG&E states that extending the certification period would also help increase the program enrollment rate and mitigate the possibility of eligible organizations falling off CARE and losing the valuable discount.³⁹

Increasing Capitation Fees: PG&E proposes to increase the capitation fee from \$20 to \$30 stating that this reimbursement rate has not been updated since

³⁹ PG&E Prepared Testimony, II-20.

2013 to account for cost of living increases. Additionally, PG&E argues that this increase is needed to encourage CBOs to keep searching for eligible households to enroll in CARE. Given the high CARE penetration rate, outreach and enrollment of the last remaining households that are CARE-eligible but not enrolled is more difficult, and requires additional touches and effort, especially those in hard to reach populations. PG&E would also use this increase in capitation fee to encourage CBOs to adopt a more holistic approach to educating customers not only on the CARE and FERA discounts, but also assist customers in enrolling in their proposed ESA program, as well as educating them on better rate options and energy management tools.

4.2.3. SCE Proposal

SCE proposes no changes to the current self-certification, categorical eligibility, income documentation or recertification processes and requirements.

Increasing the HU PEV Threshold: SCE proposes to increase the threshold for triggering HU PEV from reaching 400 percent of baseline usage one time in a 12-month period, to reaching that same level three times in a 12-month period.⁴⁰ SCE has seen an increase in both the rate of random verifications and de-enrollments resulting from the PEV and HU PEV processes between 2011 and 2018. Specifically, de-enrollment rates from PEV increased from 39 percent in 2011 to 73 percent in 2018.⁴¹ SCE suggests that while the increase in the PEV improved the integrity of the program, it also led to high non-response rates to verify eligibility, potentially resulting in the removal of eligible customers from the program.⁴² Some of these customers may have been removed even though

⁴⁰ SCE Prepared Testimony, III-14.

⁴¹ *Id* at III-13.

⁴² *Ibid.*

they were eligible because they did not respond to the verification request, they were unsure of how the verification process works, or they did not know what was necessary to provide to remain on the program. SCE argues that this change will maintain the goal of verifying eligibility from high-use customers while allowing flexibility for low income customers to exceed the 400 percent usage baseline due to unforeseen issues without triggering the HU PEV requirements.⁴³

Increasing Capitation Fees: SCE proposes to expand its CARE capitation agency network and increase the capitation fee from \$20 to \$30 per enrolled customer to continue SCE's high penetration rate in rural areas and improve penetration in high poverty areas.⁴⁴ To recruit more capitation agencies SCE will recruit in areas with low participation by presenting at town hall meetings or community- or faith-based events, and by contacting more capitation agencies directly through phone calls, letters, and email.⁴⁵ SCE will also use monthly email, quarterly newsletters, progress reports, face-to-face communications and training sessions to keep CARE enrollment a top priority for capitation agencies already engaged. SCE argues that the increase in the capitation fee can help provide necessary incentives to increase CARE enrollment efforts initiated by capitation agencies and encourage non-profits to participate.⁴⁶

Funding ENA Training and CARE Hotline: SCE is requesting additional funding to support efficient customer acquisition, retention, and satisfaction through enhancements to its Customer Contact Center (CCC), including

⁴³ *Id* at IIII-14.

⁴⁴ *Id* at III-22.

⁴⁵ *Id* at III-28.

⁴⁶ *Id* at III-38.

expanding training and engagement activities with Energy Advisors (ENAs).⁴⁷ Specifically, SCE requests additional funding to train ENAs to answer general CARE questions during incoming calls to the CCC. SCE also proposes creating a CARE Hotline, staffed by a group of ENAs specializing in CARE and who can answer more complex inquiries.⁴⁸ SCE is requesting a total of \$21,615 for the CARE hotline and claims that these efforts should combat the increase in de-enrollments and higher PEV rates.⁴⁹

Funding PEV Outbound Call Efforts: SCE is requesting \$1,732,090 to continue an outbound call effort to customers having difficulty with the PEV process. Currently, calls go to customers who have incorrectly completed documentation twice, to discuss what is needed to properly complete the application and answer questions to facilitate the verification process.⁵⁰ To support these efforts, SCE proposes the addition of four new employees dedicated to CARE (funded through the CARE balancing account), so that the CCC can provide a more holistic approach to serving low income customers.⁵¹ SCE claims that these efforts should combat the increase in de-enrollments and higher PEV rates.⁵²

4.2.4. SoCalGas Proposal

SoCalGas proposes no changes to the current self-certification, categorical eligibility, capitation fee or income documentation processes and requirements.

⁴⁷ SCE Prepared Testimony, III-15.

⁴⁸ *Ibid.*

⁴⁹ *Id* at III-13.

⁵⁰ *Id* at III-15-16.

⁵¹ *Id* at III-16.

⁵² *Id* at III-13.

Extending Recertification for the CARE Expansion Program: SoCalGas proposes to change the recertification frequency for the CARE Expansion program from two to four years stating that it will reduce the administrative burden on these customers and proposes to automate the mailing of the recertification application to these customers, with an estimated budget of \$130,000 in 2021.⁵³

Exempting Recertification for Fixed Income: SoCalGas also proposes to exempt certain fixed-income customers, specifically, those with only one or two persons living in the household, from future recertification and verification requests after they have been verified through program eligibility documentation. The exemption would be valid until their account is closed or customer-of-record name is altered. Customer groups targeted with this program enhancement are seniors and customers with a permanent disability who are receiving Supplemental Security Income benefits.⁵⁴

Updating Probability Models: SoCalGas proposes updating its 2013 PEV probability model because the current model has remained unchanged since 2013, while CARE customer demographics and behaviors have changed rapidly since.⁵⁵ SoCalGas plans to update the 2013 model with more powerful, accurate, and self-learning tools, which will help automate tracking and monitoring, capture complex relationships between different variables, and update the best-fitting parameters of the model automatically.⁵⁶

⁵³ SoCalGas Application Testimony of Octavio Verduzco, OV-30.

⁵⁴ *Ibid.*.

⁵⁵ SoCalGas Application, 27.

⁵⁶ *Ibid.*

4.2.5. SDG&E Proposal

SDG&E proposes no changes to the current self-certification, categorical eligibility, capitation fee or income documentation processes and requirements.

Extending Recertification for the CARE Expansion Program: SDG&E proposes to change the recertification frequency for the CARE Expansion Program from two years to four years given that eligibility for facilities that qualify for the CARE Expansion Program remain relatively steady. SDG&E asserts that this change would decrease administrative costs for the program since the CARE Expansion customers currently have to have their recertifications processed manually.⁵⁷

Increasing the HU PEV Threshold: SDG&E also proposes to modify the threshold for triggering HU PEV from reaching 400 percent of baseline usage one time in a billing period to reaching that same level three times in a 12-month period, to increase program retention. SDG&E claims that the primary challenge to maintaining and achieving its enrollment goals is due to the HU PEV requirement and the resulting number of customers dropped. SDG&E states that the one-time threshold currently in place imposes a verification burden on customers and excessively penalizes customers for seasonal temperature spikes.⁵⁸ Six percent of SDG&E CARE customers in 2018 triggered the HU PEV threshold at least once during the summer season of that year, and of those that were PEV'd, 62 percent were removed from the program because they did not respond to inquiries for verification.⁵⁹ SDG&E argues that increasing the threshold from one time per billing period to three times per rolling 12 month period will

⁵⁷ SDG&E Application Testimony of Sara Nordin, SN-CARE-25.

⁵⁸ *Id* at 18-19.

⁵⁹ SDG&E Application, 19.

remove this undue burden on customers while still preventing potential abuse of the CARE program.⁶⁰ SDG&E advocates for the modification of the HU PEV threshold regardless of whether “high-usage” is 400 percent or 600 percent of energy use baseline, which are the two high usage thresholds identified in Pub. Util. Code Section 739.1.⁶¹ SDG&E also proposes to modify the IRS transcript requirement for HU PEV to align with accepted documentation for regular PEV requirement, such as W-2 forms and paystubs.⁶²

Funding CIS and IVR: SDG&E is also requesting funding to upgrade its Customer Information System⁶³ (CIS) and Integrated Voice Response (IVR) system to streamline enrollment automation, enhance capabilities related to delivery of documents via text and email, and recertify CARE customers.

4.2.6. Party Positions

4.2.6.1. Cal Advocates

Creating Data Sharing Partnerships: Cal Advocates recommend that the IOUs establish two-way data sharing partnerships with state and federal government agencies to help customers with the CARE recertification process. By training the employees at government agencies to provide CARE recertification services, Cal Advocates suggest that non-response attrition rates could be decreased. Further, to ensure the federal and state government employees can assist CARE customers, Cal Advocates propose that the IOUs establish an online, two-way data sharing system with the government agencies (*i.e.*, a mechanism that allows the secure electronic data transfer web portal of a

⁶⁰ *Ibid.*

⁶¹ *Id* at 28.

⁶² SDG&E Application Testimony of Sara Nordin, SN-CARE-27.

⁶³ *Id* at SN-CARE-21.

customer's CARE status between the IOUs and government agencies) to provide recertification assistance.⁶⁴

Updating Probability Models: Cal Advocates recommend that the IOUs adopt, update and incorporate their probability models for selecting participants for income verification, as recommended in the LINA Study.⁶⁵

Auto-Recertifying "High Probability" Households: Cal Advocates recommend that SCE and SDG&E adopt PG&E's and SoCalGas' method of reducing attrition of CARE-eligible customers by auto-recertifying customers who are high-probability of being CARE-eligible.⁶⁶

4.2.6.2. TURN

Funding PEV Outbound Call Efforts: TURN proposes that PG&E, SDG&E, and SoCalGas test the use of a CARE PEV outbound call system, identical to the one that SCE is proposing, within the first year in which PEV resumes after the end of the COVID-19 suspension..⁶⁷ And if the IOUs find that the results of this first-year test of the outbound call system warrant expansion to a full-time program, the IOUs should pursue this in the following ways. If the IOUs have sufficient funding through the authorized CARE administrative budget, then the IOUs should submit the test results of the outbound call system via a Tier 1 Advice Letter, indicating their intention to use existing CARE budgets to expand the effort during the 2021-2026 program cycle. If additional funding is necessary, then the IOUs should file a petition for modification of the 2021-2026 program decision to add funding for this incremental PEV effort.

⁶⁴ Cal Advocates Amended, 2-7 - 2-8.

⁶⁵ *Id* at 2-5.

⁶⁶ *Id* at 2-5.

⁶⁷ TURN Opening Brief, 6.

Modifying PEV Income Documentation: TURN proposes that SDG&E change its policy of requiring HU PEV customers to verify their income using a transcript of IRS tax return or IRS verification of non-filing,⁶⁸ to allowing verification using the same list of documents as regular PEV customers, similar to the requirements used by PG&E and SCE. The regular PEV income verification for PG&E and SCE allow documents such as paystubs, W2 and other income documentation besides IRS tax forms.⁶⁹

4.2.6.3. CforAT

Increasing the HU PEV Threshold: CforAT supports SCE's and SDG&E's proposals to increase the threshold for HU PEV from one-time usage above the 400 percent threshold, to a three-time usage above the 400 percent of the baseline in a twelve-month period because disabled customers are particularly reliant on electricity for independent living and require access to affordable energy. CforAT states that the current one-time threshold for HU PEV results in removal of CARE-eligible customers from the program, even though they are most in need of the program.⁷⁰

4.2.7. IOU Responses

4.2.7.1. PG&E

Creating Data Sharing Partnerships: PG&E states that Cal Advocates' proposal poses various challenges,⁷¹ including training hundreds of government employees to effectively serve CARE customers, the costs incurred to both PG&E

⁶⁸ TURN Prepared Testimony of Hayley Goodson, 3.

⁶⁹ SCE CARE PEV income verification document list:
https://www.sce.com/sites/default/files/inline-files/5193_SCE_ApprovedDocListVerification_20161013_AA.pdf#page=1.

⁷⁰ CforAT Response to SCE, 3-4.

⁷¹ PG&E Rebuttal Testimony, II-6.

ratepayers and the participating federal and state agencies of implementing the confidential data sharing, and the need for numerous data security sharing agreements and information security audits to ensure privacy protections. However, PG&E would be willing to informally collaborate with Cal Advocates and other stakeholders to discuss limited, targeted opportunities or non-confidential data sharing to improve efficiency and targeting of PG&E programs.

Funding PEV Outbound Call Efforts: PG&E would be willing to perform a 90-day pilot with a similar scope of SCE's program.⁷² However, PG&E would only begin this effort after COVID-19 customer protections restricting PEV were no longer in place. SoCalGas and SDG&E were silent regarding TURN's proposal.

4.2.7.2. SCE

Creating Data Sharing Partnerships: SCE asks the Commission to reject Cal Advocates' data sharing recommendation stating the same concerns expressed by the other IOUs.⁷³ SCE also states that Cal Advocates' recommendation is premature because the IOUs have not yet identified the CARE eligibility requirements across governmental agencies, and instead suggests that data sharing be done with programs deemed categorically eligible with the CARE program. SCE recommends that the Commission should first adopt the IOUs' proposal for the Categorical Eligibility study before any data sharing arrangements are explored.

Auto-Recertifying "High Probability" Households: SCE asks the Commission to reject Cal Advocates' proposal to use the probability model to

⁷² *Id* at II-10.

⁷³ SCE Rebuttal Testimony, 39.

auto-recertify CARE customers. SCE states that its probability model is used extensively for PEV purposes, but that it would not be appropriate for auto-recertification. SCE claims that if a percentage of customers were exempted from recertification, there would be no opportunity to confirm whether newly added customers to the CARE program due to the COVID-19 pandemic are still eligible to receive a rate discount for another two years. Reducing attrition from the recertification process can be done in other ways, such as outbound call systems and the proposed CARE hotline.⁷⁴

4.2.7.3. SoCalGas

Creating Data Sharing Partnerships: SoCalGas cites various concerns with Cal Advocates' data sharing proposal,⁷⁵ including deterring immigrant households from participating because the program was sharing data with federal government agencies, and the lack of sufficient resources of government agencies to allow for an online, two-way data sharing system. SoCalGas also believes the Commission has no jurisdiction to require federal agencies to enter into a data sharing agreement with the IOUs as well as comply with the accompanying Commission oversight. For these reasons, SoCalGas believes that Cal Advocates' recommendation is not feasible.

4.2.7.4. SDG&E

Creating Data Sharing Partnerships: SDG&E states that its probability model is already being used to auto-recertify CARE customers. Like SoCalGas' recertification model, SDG&E's recertification model is configured to allow

⁷⁴ *Id* at 37-38.

⁷⁵ SoCalGas Rebuttal Testimony of Octavio Verduzco, 2.

automatic recertification every other renewal period based on a customer's probability score.⁷⁶

Modifying PEV Income Documentation: With regards to TURN's proposal that SDG&E allow other documents to be used during HU PEV, SDG&E confirms that it has already modified its income documentation requirements to allow for additional types of income documentation such as W-2 forms and paystubs for CARE HU PEV customers, which align with PG&E and SCE.⁷⁷

Funding PEV Outbound Call Efforts: SDG&E would support a 90-day test period with a scope like SCE's to test outbound PEV calls aimed at reducing attrition. However, testing outbound calling should occur after the COVID-19 restrictions on PEV are no longer in place and within the first year in which PEV resumes. SDG&E states that if the outbound call effort is successful, and the IOUs would like to continue such efforts, the Commission should allow the IOUs to file a Tier 1 advice letter requesting such funding be added to their CARE budgets.⁷⁸

4.2.8. Discussion

4.2.8.1. Extending Recertification for the CARE Expansion Program: Approved

We approve PG&E, SoCalGas and SDG&E's proposals to change the recertification period for the CARE Expansion program from two years to four years. We agree with the IOUs' assessment that this change will reduce the administrative burden on these organizations by increasing the time between recertifications, potentially increase the program enrollment rate and mitigate

⁷⁶ SDG&E Rebuttal Testimony of Sara Nordin, SN-CARE-3.

⁷⁷ *Id* at SN-CARE-3.

⁷⁸ SDG&E Reply Brief, 19.

eligible organizations from losing their CARE discount. Organizations enrolled in the CARE expansion program, such as migrant farm workers housing, group living facilities, homeless shelters, hospices, and women's shelters are primarily focused on providing services to income eligible people, and therefore, we conclude that there would be minimal change to their eligibility to participate in this program. Lastly, we require this change to be implemented statewide by all the IOUs, if not already doing so.

4.2.8.2. Exempting Recertification for Fixed Income Households: Approved with Modifications

We approve with modifications the proposal to exempt certain fixed-income CARE customers from future CARE recertification and verification requests after verifying income using approved documentation. The exemption would be valid until the customer account is closed, customer-of-record name is altered, or a minimum of six years has elapsed since the customer verified income using approved documentation. We agree that this policy change can reduce the burden on a population that tends to have higher energy burden and economic hardship with infrequent changes to household income levels.⁷⁹ Lastly, we require this change to be implemented statewide by all the IOUs, if not already doing so.

4.2.8.3. Updating Probability Models: Approved

We approve PG&E, SCE and SoCalGas' proposals to update its propensity and probability models. As customer demographics and behaviors continue to change, updates to the models will ensure that we are capturing the right audience for the PEV process, keeping qualified customers on CARE while removing those ineligible. Given that it has been years since some of the IOUs

⁷⁹ 2019 LINA, 59.

performed updates to the models, this request is not only reasonable, but beyond due. We also agree with Cal Advocates that the LINA study recommendations made with respect to considerations for selecting participants for PEV be reviewed, and that the IOUs update their probability models accordingly, if not already done. Lastly, because the low income customer profile continues to change, and will likely change over the course of this six year cycle, we will allow the IOUs flexibility in making updates to their respective probability/propensity models without having to request authorization from the Commission, as long as these updates do not require budget expenditures beyond what is already approved in this decision. When such updates are made, the IOUs shall report the changes in the monthly and annual compliance reports.

**4.2.8.4. Auto-Recertifying “High Probability”
Households: Approved**

We approve Cal Advocates’ proposal to require SCE to automatically recertify customers who are identified through its probability model as having a high-probability of being CARE-eligible. In past decisions, the Commission had already determined that the use of probability modelling in the CARE program is a “reasonable alternative to a 100 percent Post Enrollment Verification and Post Re-certification Income Verification rate in the CARE Program.”⁸⁰ Additionally, this change addresses the extremely high attrition rate of PEV, relaxes the income verification and recertification requirements for customers who are highly likely to be CARE-eligible, and directly mitigates the removal of otherwise CARE-eligible customers. We require this change to be implemented statewide by all the IOUs, if not already doing so.

⁸⁰ Decision 12-08-044, 213.

In terms of determining which customers have a “high probability of being CARE eligible,” PG&E, SoCalGas and SDG&E appear to be using similar approaches in identifying this population within its own probability models. PG&E’s probability, or propensity model identifies customers that may appear more likely to be eligible for CARE and assigns each customer a decile score (1-10), with Decile 1 being most likely to be eligible for CARE and 10 being least likely to be eligible. Customers who score in Deciles 1 or 2 of the model are automatically recertified given their “extremely high” likelihood of eligibility.⁸¹ SoCalGas’ probability model identifies customers that are more than 85 percent likely to be CARE-eligible, and automatically extends the recertification requirement from two years to four years.⁸² SDG&E describes its process as being like SoCalGas, which is configured to allow automatic recertification every other renewal period based on a customer’s probability score.⁸³

To create a consistent approach to the recertification process across all the IOUs, and to move SCE away from the 100 percent recertification model, SCE shall implement a similar auto-recertification process for customers that its probability model identifies as having a high probability of being CARE eligible. We define “high probability of being CARE eligible” as households that have at least an 80 percent probability (or top two deciles) of being CARE-eligible as identified by each IOUs’ probability model. This change will align with how all the IOUs will be using its probability models to reduce the burden on customers with a high likelihood of being CARE-eligible. Therefore, all the IOUs shall adopt

⁸¹ PG&E Application Testimony Chapter II, 9.

⁸² SoCalGas Application Testimony of Octavio Verduzco, OV-23.

⁸³ SDG&E Rebuttal Testimony of Sarah Nordin, SN-CARE-3.

a 4-year recertification cycle for customers with a high probability of being CARE eligible.

**4.2.8.5. Increasing the High Usage PEV Threshold:
Approved**

We approve SCE's and SDG&E's proposal to change the requirement to PEV customers that exceed 400 percent of baseline usage from one time in a billing period to three times in a 12-month period.

Currently the IOUs *may* require proof of income eligibility for those CARE program participants whose electricity usage, in any monthly or other billing period, exceeds 400 percent of baseline usage per Pub. Util. Code Section 739.1 (i)(1). While the IOUs are not required to institute a HU PEV after only a single instance of any monthly or other billing period exceeding 400 percent of baseline usage per statute, D.12-08-044 established the requirement of the one-time over 400 percent baseline HU PEV process to ensure that any misuse, abuse or potentially fraudulent allocation of CARE funds is carefully monitored and reconciled.

Data collected from PYs 2016 to 2019 show that most HU PEV customers are only crossing the 400 percent baseline once or twice a year,⁸⁴ and that these instances are generally occurring seasonally (during the winter peak season when customers are running their heaters, or the summer season with extreme heating days), or in instances due to unforeseen and/or weather-related circumstances. For example, in 2018, over 41 percent of PG&E's HU PEV occurred in August and September, and over 32 percent in January and February. SDG&E had 49 percent of HU PEV occur in August and September and 32 percent in December 2018. SCE had 77 percent of HU PEV occur in

⁸⁴ Energy Division Data Request to IOUs issued on September 17, 2020.

August through September 2018.⁸⁵ Across all three IOUs, over 73,000 households were de-enrolled from CARE for failing the HU PEV process during these months in 2018. That aligns with an average IOU statewide attrition rate of over 80 percent during the HU PEV process.⁸⁶ And even if the occurrence is caused by an uncommon/unlikely scenario, the HU PEV process is still triggered, and for most, these customers will likely fall off the CARE rate.

Given the supporting data provided above, we see that most customers triggering the HU PEV process are only exceeding the threshold once a year, and in most cases, it is due to the circumstances described above, rather than due to normal excessive usage. We agree that increasing the frequency in which the customer exceeds the threshold which triggers the HU PEV process will help maintain the goal of verifying the eligibility of high-use customers, while allowing flexibility for low income customers to exceed the threshold due to seasonality, extreme and unforeseen circumstances, and/or weather-related issues. Therefore, the requirement to PEV all customers that exceed 400 percent of baseline usage is modified from one time in a 12-month period to three times in a 12-month period and will be applied to all electric IOUs.

4.2.8.6. Modifying PEV Income Documentation: Approved

We approve the change to allow HU PEV customers to verify their income using the documentation used in the regular PEV process, rather than requiring a transcript of IRS tax return or IRS verification of non-filing. This includes, but is not limited to, documentation such as W-2 forms and paystubs, or proof of

⁸⁵ PG&E, SCE and SDG&E 2018 CARE Annual Reports, CARE Table 3.

⁸⁶ IOU statewide attrition rate for HU PEV process calculated from 2018-2019 CARE Annual Reports.

household participation in a categorically eligible program. The original intent of requiring a transcript of IRS tax return or IRS verification of non-filing specifically for high usage customers was to ensure that CARE funds were being used by eligible customers and for lawful purposes only.⁸⁷ While that rationale is still relevant, we find that limiting customers to tax returns or another form of state or federally verified income is an overly burdensome approach for CARE households to verify their eligibility for the program. The documentation currently required for the regular PEV process should provide the IOUs enough detail and information to ensure that only eligible households are participating in the CARE program. Therefore, this change will maintain the integrity of the program, while allowing for customer flexibility in how they choose to prove their income. All three IOUs shall update their HU PEV communication materials to reflect the permanently approved income documentation list.

**4.2.8.7. Funding ENA Training and CARE Hotline:
Approved**

We approve SCE's request for \$21,615 for enhanced ENA training for the CARE Hotline. SCE proposes training dedicated ENAs in the details of the CARE program requirements, keeping ENAs abreast of changes within the income-qualified programs, and having ENAs who can educate customers about other related offerings and complimentary income-qualified programs. We feel that this program will benefit SCE CARE customers at a reasonable cost.

⁸⁷ D.12-08-044 discusses anecdotal evidence that was presented in 2011 that some marijuana growers were using the CARE rate for their operations. That decision required the IOUs to develop and field a standard income verification document for these instances which may require customers to provide a state or federally verified form of income proof, such as the household's annual tax returns.

**4.2.8.8. Funding PEV Outbound Call Efforts:
Approved as a Pilot**

We reject SCE's original request for \$1.7M for the outbound call efforts. SCE's request was based on a three-month pilot focused on customers who attempted to provide PEV documentation and failed. According to TURN's intervenor testimony, SCE contacted 532 customers who submitted incorrect PEV documentation to SCE. Of those 532 customers, SCE directly spoke with 117 customers, and of those 117 customers, 69 customers successfully completed the PEV documentation process.⁸⁸ From these pilot results, both SCE and TURN support expanding this effort to a full-time initiative using the \$1.7M requested.

At this time, more information is needed before this effort is fully expanded. Although the pilot demonstrated a 13 percent success rate (69 customers successfully completing the PEV process out of the 532 contacted), SCE does not provide data on the size of the PEV population that would be served by this \$1.7M effort (*i.e.*, an average annual number of households that fall into the "attempted but failed" PEV category), and whether SCE expects that 13 percent success rate to maintain or improve when the program expands. This group of CARE households is the target audience for this type of effort, and because it is unclear whether SCE's request for \$1.7M is an appropriate figure to meet the needs of this group, this request is rejected.

However, we agree with the spirit of this effort, since the PEV process does lead to a high attrition of CARE-eligible customers, as described in the 2019 LINA study.⁸⁹ We also agree with TURN's suggestion that all the IOUs should

⁸⁸ TURN Intervenor Testimony of Hayley Goodson, 4.

⁸⁹ 2019 California Low Income Needs Assessment, Final Report: Volume 1 of 3: Summary of Key Findings, 3.

explore this type of outbound call effort for CARE customers going through the PEV process who have “attempted but failed” to provide the correct information.

Therefore, we direct the IOUs to further explore whether a service like this would be effective in minimizing the PEV de-enrollments for those households that truly do still qualify by simultaneously conducting a coordinated six month to one year outbound call pilot for “attempted but failed” PEV households. This pilot will begin at least thirty days after the COVID customer protections end and PEV restarts, if COVID customer protections are still in place. The implementation timeline of six months to one year will allow the IOUs flexibility in determining the appropriate length of time needed for the pilot to collect sufficient data. Funding for the pilot shall not exceed \$80,000 per IOU and will come from each IOU’s existing authorized outreach budgets for the respective year in which the pilot is being conducted.

At the end of the pilot, and within three months of the pilot’s conclusion, each IOU shall submit a Tier 2 advice letter with all information the IOU believes is relevant to evaluation of the pilot, including:

- Number of CARE households that submitted incorrect PEV documentation or “attempted but failed” to verify during the pilot.
- Number of these households contacted by the Outbound Call Pilot.
- Number of these households successfully ushered through PEV process by the Outbound Call Pilot.
- Success rate (households successfully ushered through PEV process after attempting but failing on their own, divided by total households contacted through effort) broken down by month and for the overall pilot.
- Cost-benefit analysis of pilot, including the incremental cost associated with the expansion of outbound calls and the

- estimated marketing/ outreach/ admin funds saved from having to avoid recapturing eligible households who failed PEV.
- Other benefits customers received by participating in this pilot, if any.
 - Recommendation on whether the pilot should conclude, be continued, expanded, or turned into a permanent effort, and the reasons why (*i.e.*, low results, not cost effective). If the IOUs propose to continue the outbound call center efforts either on a pilot basis or a permanent basis, the IOUs shall describe the long term plan for the effort including how many households it anticipates targeting, capturing, and re-enrolling back onto CARE each year, and the proposed long-term budget. The recommendation should also include lessons learned and best practices for continuing the pilot.

Energy Division, via disposition of these Tier 2 advice letters, will have the authority to approve the continuation of the Outbound Call Pilot program, either on a pilot basis or a permanent basis using no more than six percent of the IOUs' total authorized CARE Outreach budget in this decision. Using the data provided above, Energy Division will consider whether the pilot was cost-effective, had an average monthly success rate of at least 10 percent or provided other benefits to customers participating in the pilot that makes the program worth continuing.

4.2.8.9. Increasing Capitation Fees: Approved

We approve PG&E and SCE's request to increase the CARE capitation fee from \$20 to up to \$30 per enrollment. We agree that an increase is needed to account for cost of living increases, as well as incentivize CBO efforts to enroll those in hard to reach populations, which require increased numbers of touches to identify those who have not yet been served. The previous Commission decision to raise the capitation fee acknowledged that "there are additional expenses and barriers associated with reaching and enrolling the remaining

eligible customers and that reasonably justifies the reasonable capitation fee increase” and is consistent with the prior rate of increases the Commission previously adopted.⁹⁰ A history of the CARE capitation fees shows that the increase from \$20 to \$30 after eight years of being at the same rate offers a similar growth rate to past capitation rate increases:

- 2001: \$12 Capitation Fee originally set.⁹¹
- 2006: \$15 Capitation Fee (25 percent increase after five years, average increase of 5 percent per year).⁹²
- 2012: \$20 Capitation Fee (33 percent increase after six years, average increase of 5.5 percent per year).⁹³
- 2021: \$30 Capitation Fee (50 percent increase after nine years, average increase of 5.5 percent per year).

While not all the IOUs sought an increase, we recognize that the same factors and barriers associated with being at near-full penetration rates are applicable to all the IOUs and their CBOs. Therefore, we also approve an increase in capitation fees of *up to* \$30 per enrollment for all the IOUs.

4.2.8.10. Creating Data Sharing Partnerships: Requires Further Study

We deny Cal Advocates’ proposal to require the IOUs to establish two-way data sharing partnerships with state and federal government agencies to help customers with the CARE recertification process. Testimony from the IOUs identify many barriers and concerns regarding this request, such as unknown costs to ratepayers, data security issues, federal government

⁹⁰ D. 12-08-044, 225.

⁹¹ D.01-05-033, OP 6-88.

⁹² D.06-12-038, OP 22-75.

⁹³ D.12-08-044, OP 105-403.

bureaucracy, and the Commission overstepping its authority. We find the IOU arguments persuasive, as there has not been an established record on the costs and barriers associated with setting up this system.

However, the Commission would like to see the topic of data sharing opportunities explored in the Categorical Eligibility study approved in this decision. Specifically, the Commission would like this study to research what potential data sharing opportunities there are between the IOUs and state and federal agencies when it comes to providing a pathway for a customer to auto-enroll or auto-recertify in CARE. *See* Section 8.11 for more details about the study and this effort.

4.2.8.11. Funding CIS and IVR: Approved in Part

We deny SDG&E's request of \$500,000 for CIS enhancements. In SDG&E's CIS implementation decision, (D.18-08-008), the Commission stated that "[t]he Settlement Agreement also contemplates ongoing support costs that fall within SDG&E's current GRC cycle and these are authorized as well. Post-implementation costs that fall outside of the Settlement Agreement are to be included in subsequent GRC applications as applicable."⁹⁴ SDG&E's application describes the updates requested for its CIS in its CARE application as "Post-go-live" and "requesting funding for *additional system enhancements* necessary to streamline enrollment automation and to enhance capabilities related to delivery of documents via text and email." (emphasis added)⁹⁵ The Commission finds that these "post-go-live" expenses being requested would fall under the category of "post-implementation costs" described in D.18-08-008, and therefore these costs

⁹⁴ D.18-08-008, 8.

⁹⁵ SDG&E Application Testimony, SN-CARE-21.

should not be requested through the CARE proceeding, but rather subsequent GRC applications as applicable.

We approve \$120,000 for upgrades to SDG&E's IVR system upgrade since this system was initially approved within previous CARE proceedings. SDG&E's proposal to enhance functionality, verbiage, and phone tree options will potentially help CARE customers not only with the CARE recertification process but also create the opportunity to provide additional information to the customer regarding other programs (such as LifeLine, Affordable Broadband, ESA, etc.) as well.⁹⁶

4.3. CARE Marketing, Education, Outreach, Leveraging

4.3.1. Background

Currently, each IOU manages its own marketing, education, outreach (ME&O) efforts to meet the goals set out by the Commission. These efforts include, but are not limited to, direct mail, door-to-door canvassing, social media, targeted efforts in DACs/Rural/Tribal areas, and partnerships with community and faith based organizations, as well as other state, federal and local agencies. Since every utility service territory is unique, each IOU has been allowed to seek out efforts that work best for its own service areas.

4.3.2. PG&E Proposal

PG&E proposes to continue the outreach strategies of prior years and explore broader local partnerships to energize and deepen community engagement.

Using CARE Propensity Models: PG&E will use its CARE propensity model to target eligible, non-enrolled, income-qualified customers.⁹⁷ This method

⁹⁶ Decision 06-12-038.

⁹⁷ PG&E Prepared Testimony, II-31.

scores and groups customers into tiers of likely eligibility for CARE, so that PG&E can apply direct marketing campaigns to those segments of customers that are most likely to be eligible and enroll in the program. PG&E proposes to rebuild the propensity model every three to four years to avoid data decay and ensure accuracy of the predictive model. An annual data refresh is also incorporated into the yearly administrative budget.⁹⁸

Targeting Low CARE Penetration and High Disconnection Areas: PG&E proposes a targeted outreach approach reaching low CARE penetration areas as well as high disconnection zip codes.⁹⁹ In April 2020, PG&E and its external consultant evaluated the results of its 2019 zip-code-targeted campaign test. This campaign used targeted media to identify rural and high poverty zip codes to evaluate the potential for new tactics to increase penetration within these hard-to-reach groups. An evaluation of the 2019 zip-code-campaign test showed an improved enrollment in areas with increased media placement, approximately twice that of areas without additional targeted marketing. For PYs 2021-2026, PG&E proposes a similar approach to the 2019 campaign to reach and engage with customers in areas with lower CARE penetration or higher rates of disconnections. PG&E further describes how the audiences in the two groups (lower CARE penetration and higher rates of disconnection) and messages are different, and therefore each campaign should account for customer demographics and communication/language preference. PG&E plans to take a zip-code-focused targeting approach in both campaigns.

⁹⁸ *Id* at II-27.

⁹⁹ PG&E Response to June 25, 2020 ALJ Ruling Questions, 49.

PG&E has identified several counties and zip codes with CARE penetration below 60 percent.¹⁰⁰ To increase CARE penetration in these zip codes in PYs 2021-2026, PG&E proposes targeted strategies including: (1) direct marketing campaigns using direct messaging and e-mail targeting rural customers with decile scores that indicate likely CARE eligibility,¹⁰¹ (2) digital media buys with heavier spending in rural zip codes with CARE penetration rates below 60 percent, (3) digital and broadcast radio campaigns in designated market areas that cover rural counties with CARE penetration rates below 60 percent, and (4) zip-targeted home-delivered outreach through shared mail inserts.

Expanding Outreach Partnerships: PG&E proposes to expand the current Community Outreach Contractors program which is aimed at increasing the number of new and successful productive partnerships targeting disadvantaged and hard-to-reach populations. Through this program, PG&E will seek out CBOs to deliver culturally and linguistically specific outreach, and to expand CBO education across the service territory with high eligible numbers not yet enrolled. Specifically, PG&E proposes a holistic approach to promote and educate customers in limited income and vulnerable populations about the various income qualified programs and rate options that are available.¹⁰² In this approach, traditional marketing tactics will be complemented with one on one

¹⁰⁰ PG&E Application Testimony, II-48.

¹⁰¹ A “decile” splits up a set of ranked data into 10 equally large subsections. For PG&E, Decile 1 represents the portion of the residential population most likely to be eligible for CARE and Decile 10 being a portion of the population least likely to be eligible. Customers who score in Deciles 1 or 2 of their propensity model are the portion of the population considered to have “extremely high” likelihood of CARE eligibility.

¹⁰² PG&E Prepared Testimony, II-39.

direct interactions with rural customers facilitated by CBO, door to door campaigns, health outreach workers, outreach through churches, faith-based groups, and other emerging opportunities.¹⁰³ Targeted underserved communities include populations with language barriers and residents in rural areas.

PG&E will also leverage the results from the past CBO Pay for Performance pilot to develop strategies to convert unenrolled eligible customers. The earlier pilot had high reach, but a low number of new enrollments. The grassroots approach utilized in the Pay for Performance pilot was successful in helping connect with new customers, but at a very high cost due to reaching many already enrolled customers to find the few who are not.¹⁰⁴ PG&E proposes to continue testing different grassroots approaches to convert unenrolled eligible customers more effectively.

Continuing Traditional Direct Marketing: PG&E will maintain the use of multi-channel direct marketing, paid digital and radio media, outreach to new movers, automated recertification emails and Welcome Kit campaigns from the previous cycle to maintain CARE penetration rates.¹⁰⁵ PG&E argues that repetition of messages is critical to engage customers and incite them to take action, taking up to three to five messages before an enrollment action occurs.¹⁰⁶ PG&E also proposes to continue supporting community events hosted by CBOs and continue to offer a promotion toolkit to CBOs and support event promotion. PG&E will use the results from its 2019-2020 marketing tests to inform strategies,

¹⁰³ *Id* at II-40.

¹⁰⁴ *Ibid.*

¹⁰⁵ PG&E Prepared Testimony, II-30.

¹⁰⁶ *Ibid.*

and to continue to generate new enrollments to replace customers lost to attrition.¹⁰⁷ Outreach materials will continue to be provided in multiple languages and to serve those customers with accessibility needs (large print, braille).¹⁰⁸

Leveraging with CSD: PG&E will continue to leverage with the California Department of Community Services and Development (CSD) to improve enrollment efforts and streamline the Low Income Home Energy Assistance Program (LIHEAP) crisis grants for those at risk of disconnection in the following ways: quarterly meetings to address and streamline the pledging process; exploring avenues to increase communication with LIHEAP service providers; revising internal systems; increasing the payment window from sixty to ninety days; training; and greater exchange of information.¹⁰⁹ PG&E will also continue to share data with the Commission's Communications Division twice a year to generate leads for enrollment between LifeLine and CARE.¹¹⁰

4.3.3. SCE Proposal

SCE proposes several marketing and outreach improvements intended to drive customer engagement and program goal attainment.¹¹¹

Utilizing Marketing Automation: SCE proposes to continue marketing automation to drive engagement and goal attainment.¹¹² SCE proposes the use of data analytics and technology to develop personalized, sequential messaging

¹⁰⁷ D.17-12-009; Prepared Testimony II-29-30.

¹⁰⁸ PG&E Prepared Testimony, II-34.

¹⁰⁹ D.17-12-009; Prepared Testimony, II-52-53.

¹¹⁰ *Ibid.*

¹¹¹ SCE Prepared Testimony, III-17.

¹¹² *Id* at, III-34.

that will help to guide customers to CARE enrollment with messages that resonate with their unique situation (based on customer classifications, including low income, hard-to-reach, DACs, single family renters, and hot climate zone customers). The utility will use these segmentation schemes to develop customized, relevant, and actionable marketing communications. The hope is that these actions will eliminate the negative association that some customers have with enrolling in income-qualified programs by reframing with positive associations of CARE as “smart money management.”¹¹³ SCE will also consider whether certain customer demographics or areas within its service territory exhibit lower enrollment rates than the general population and refine its segmentation approach to be more precise and effective in reaching specific customer segments.¹¹⁴

SCE will employ multi-touch vertical marketing communications to deliver customized, sequential messages that speak to the unique concerns of each prioritized customer segment. These efforts will include more precise targeting of mass media and social media efforts and selective targeting of ads to specific customer segments. SCE will implement no-cost tactics such as on-bill messaging to promote CARE as well, which can reach customers in rural areas where penetration rates are low, as well as in high poverty communities. CBO outreach will follow up on this engagement attempt in rural areas.¹¹⁵

SCE will also use external agency resources to develop and implement personalized messaging and customer engagement strategies for its 2021-2026 CARE email marketing campaigns. This will involve creating a framework that

¹¹³ *Id* at III-39.

¹¹⁴ *Id* at III-29.

¹¹⁵ *Id* at II-33.

establishes distinct performance metrics, key performance indicators and other measures of success for all CARE marketing automation campaigns that are implemented.¹¹⁶ SCE has prioritized some customer classifications, including hard-to-reach, DACs, single family renters, hot climate zone customers, areas with low CARE penetration rates, as well as in high poverty communities.

Updating the Website: SCE proposes a complete redesign and update of CARE program content on its website, with a focus on providing specific, easy-to-understand information on the value of the program, its enrollment capability, income guidelines, and links to SCE and external programs and resources.¹¹⁷ SCE will also create “edutainment” style videos developed by an external marketing agency to provide an overview of the program, and customer testimonials to promote the program. SCE believes that these testimonials will positively impact short and long-term goal attainment.¹¹⁸ They also propose exploring the feasibility of Facebook or Skype workshops, and directing customers more often to the CARE page on the SCE website to access program information.

Expanding Outreach Partnerships: SCE proposes strengthening partnerships with a variety of external organizations to facilitate deeper penetration in targeted communities. Relationships with state assistance programs such as WIC, SNAP, and Medi-Cal, will be engaged as front-line partners to provide income qualified program information to customers who are also SCE customers. The goal of this partnership would be to reduce the reluctance of certain customers to participate in these types of government

¹¹⁶ *Id* at III-35.

¹¹⁷ *Id* at II-33.

¹¹⁸ *Ibid.*

assistance programs. SCE also argues that this approach promotes a more holistic view of shared customers' needs by referring them to SCE programs and services that can help with economic hardship.¹¹⁹

SCE plans to explore opportunities to establish affinity partnerships with entities such as AARP, AAA, CVS, Walgreens, and other entities that have existing relationships with CARE eligible customers. SCE will provide these partners with easy-to-implement CARE messaging to include in regionalized communications that brands may already be sending to their existing customer base, and request that links to the CARE program landing page be included on company websites.¹²⁰

SCE will continue working with CBOs to assist with community events in hard-to-reach communities,¹²¹ and will recruit capitation agencies in areas with low CARE participation by presenting at town hall meetings or community and faith-based events for organizations with established relationships (*e.g.*, Hispanic communities, veteran's groups, LGBTQ communities, immigrant and consumer advocacy groups or environmental groups).¹²²

SCE proposes partnering with CforAT to provide CARE program literature, webinars, and "edutainment style videos" to facilitate engagement with seniors and customers who are medically vulnerable or disabled.¹²³

SCE will also investigate the potential to include high level, digitized CARE messaging directing customers to the CARE landing page on the SCE

¹¹⁹ SCE Prepared Testimony, III-35.

¹²⁰ *Ibid.*

¹²¹ SCE Response to Ruling Questions, 31.

¹²² SCE Application Testimony, III-38.

¹²³ *Id* at III-36.

website at “high-traffic establishments” such as DMV offices, post offices, municipal buildings, and hospitals. These efforts may involve including CARE program application materials in welcome kits distributed to new parents and in new student registration packets in select K-8 schools in disadvantaged communities.¹²⁴

Leveraging with CSD: SCE proposes limited enhancements to its coordination with LIHEAP, which provides monetary grants to low income customers who are having trouble paying energy bills and may be at risk of service disconnection for non-payment. While SCE can only implement limited enhancements to LIHEAP because it does not manage the process, SCE proposes several improvements that could be made to LIHEAP including: providing customers the ability to submit final disconnection notices electronically to LIHEAP coordinators, creating greater awareness of LIHEAP opportunities through bill notifications and additional promotion on the SCE website, and implementing any process that can facilitate more rapid LIHEAP pledge deliveries to SCE.¹²⁵ However, these would be changes to LIHEAP and not directly to SCE. SCE claims that it has streamlined the portion of the process that is within its control.¹²⁶

Leveraging with Other IOU Programs: SCE proposes stakeholder collaboration with Energy Upgrade California, SoCalGas, and the other IOU low income leads.¹²⁷

¹²⁴ *Id* at III-36.

¹²⁵ *Id* at, III-26.

¹²⁶ *Id* at III-25.

¹²⁷ *Id* at III-37.

4.3.4. SoCalGas Proposal

Continuing Traditional Direct Marketing: SoCalGas proposes to continue marketing strategies including direct marketing and mass media to increase program awareness and drive online enrollment, and localized community outreach efforts to target hard-to-reach segments.¹²⁸ These tactics include bill inserts, direct mail, email, partnerships with CBOs, door-to-door canvassing, and taking enrollment at local community events.¹²⁹ SoCalGas proposes to no longer fund Home Energy Reports (HERs) through the CARE program. Instead, HERs will continue to be covered by SoCalGas' energy efficiency program, targeting all customers, including those currently on CARE as well as eligible non-CARE customers.

Targeting Low CARE Penetration Areas: SoCalGas identifies several cities and zip codes with low CARE penetration that it considers hard-to-reach.¹³⁰ For these zip codes, SoCalGas proposes using smaller, localized campaign efforts by leveraging existing community networks and media, which includes schools, literacy centers, social service delivery groups, food banks, faith-based and non-profit organizations that aim to target these underserved rural areas.¹³¹

SoCalGas highlighted its strategy for one specific county (San Luis Obispo County) that has CARE penetration below 70 percent. SoCalGas will use local media to help promote the CARE program, and established a partnership with a local CBO, Center for Family Strengthening – Promotores Collaborative, focused specifically on promoting equal access to community resources and services

¹²⁸ SoCalGas Application, 25.

¹²⁹ *Id* at 27.

¹³⁰ SoCalGas Application Testimony of Octavio Verduzco, OV-40.

¹³¹ *Id* at OV-38.

among all members of the Hispanic community in this county. Additionally, SoCalGas has committed to a six month targeted radio campaign in this county which broadcasts Spanish-language programming in high density areas.

In addition to low CARE penetration areas, SoCalGas will also use targeted marketing and outreach to specific population segments including seniors, limited English proficient (LEP) customers, veterans, undocumented residents, the disabled community,¹³² those zip codes with high disconnection rates,¹³³ and mobile home parks.¹³⁴

Expanding Outreach Partnerships: SoCalGas will continue to use third parties to conduct door-to-door canvassing to enroll customers in the CARE program,¹³⁵ stating that these efforts have been highly successful in the past, resulting in 21,000 new customer enrollments through visits to customers' homes.¹³⁶ SoCalGas also proposes working with its existing community networks and media, which includes schools, literacy centers, social service delivery groups, food banks, faith-based and non-profit organizations to target underserved rural areas.¹³⁷

Leveraging with CSD: SoCalGas proposes to modernize an existing process of receiving pledges from LIHEAP, moving away from a phone-call

¹³² SoCalGas Application, 27-28.

¹³³ SoCalGas Response to Ruling Questions, 40.

¹³⁴ SoCalGas Application Testimony of Octavio Verduzco, OV-42.

¹³⁵ SoCalGas Application, 28-29.

¹³⁶ *Ibid.*

¹³⁷ SoCalGas Application Testimony of Octavio Verduzco, OV-38.

based system towards a user-friendly web-based process with the intent of reducing the risk of service reductions by expediting pledges.¹³⁸

Leveraging with LifeLine: SoCalGas states that it will undertake several leveraging efforts to promote marketing and outreach improvements including continuing its biannual CARE customer data exchange with California LifeLine in SoCalGas territory.¹³⁹

4.3.5. SDG&E Proposal

SDG&E will continue efforts to build customer awareness of the program, driving customer enrollment through targeted marketing, education, and outreach.

Targeting Rural, Hard to Reach, Low CARE Penetration Areas: SDG&E will focus on targeting rural and hard-to-reach communities, especially where the current penetration rate is low compared to the estimated population of eligible customers.¹⁴⁰ This will include optimizing recertification communications to retain enrolled customers.¹⁴¹

SDG&E identified five zip codes in the top tenth percentile of disconnections with a CARE penetration rate below 70 percent, where it proposes to reach customers through targeted direct mail, email, and outbound dialing. SDG&E also describes exploring whether these zip codes can accommodate additional media such as local print publications, community

¹³⁸ SoCalGas Application, 30.

¹³⁹ *Ibid.*

¹⁴⁰ SDG&E Application, 17.

¹⁴¹ *Id* at 20.

newspapers and targeted out-of-home advertising (bus shelters, posters, transit stops, laundromats, and convenience stores).¹⁴²

SDG&E proposes reaching areas with low CARE enrollment through tactics such as door to door and Live Call campaigns, specifically in areas where population density is high enough. For customers in areas with lower population density, the Energy Solutions Partners network will continue to be utilized to reach customers via trusted partners in their local neighborhoods.¹⁴³ SDG&E discusses new strategies to identify and partner with additional CBOs where needed, such as refugee agencies or community centers, to spread engagement from trusted voices in the high poverty communities.¹⁴⁴

4.3.6. Party Positions

4.3.6.1. Cal Advocates

Reasonableness of ME&O: Cal Advocates questions whether the proposed CARE marketing and outreach programs and verification procedures reasonably “balance the need to serve the maximum number of eligible households with the need to verify that those enrolled in the program are eligible” in a cost effective manner.¹⁴⁵ Cal Advocates also questions whether the proposed marketing and outreach tactics and budgets for identifying and enrolling eligible CARE customers are reasonable.¹⁴⁶

¹⁴² SDG&E Response to Ruling Questions, 49.

¹⁴³ SDG&E Application Testimony of Sara Nordin, SN-CARE-31.

¹⁴⁴ *Id* at SN-CARE-33.

¹⁴⁵ Cal Advocates Joint Protest, 2.

¹⁴⁶ Cal Advocates Joint Protest, 3.

4.3.6.2. CforAT

Generally Support: CforAT supports IOU efforts to address education and outreach about the CARE program, including the new programs referenced by SCE and others that are intended to improve the CARE enrollment rate by simplifying the customer enrollment process and improving contact with hard-to-reach and vulnerable customers.¹⁴⁷

4.3.6.3. Enervee

Establishment of an Online Marketplace: Enervee generally supports the IOU ME&O efforts, particularly as they relate to energy management technology marketplaces,¹⁴⁸ and proposes that the IOUs use the online energy efficiency marketplace to promote the CARE and FERA programs.¹⁴⁹ Enervee states that marketplaces have demonstrated their ability to drive customer engagement and serve as opportunities to cross-promote ESA programming and CARE and FERA enrollment. Enervee asserts that marketplaces have hundreds of thousands of unique annual visitors and can offer an additional channel to get customers to enroll in multiple programs, which could maximize the efficiency of the money that IOUs spend on marketing to drive enrollments.¹⁵⁰ Lastly, Enervee claims that information provided by the platform in real-time could be used to improve educational materials.¹⁵¹ Enervee further recommends that the IOUs conduct a study to understand how CARE/FERA customers research, choose and purchase energy-using equipment; the barriers to efficient purchases they face; and

¹⁴⁷ CforAT response to SCE, 2.

¹⁴⁸ Enervee Response to SDG&E Application, 9.

¹⁴⁹ Enervee Intervenor Testimony, 15.

¹⁵⁰ Enervee Response to SDG&E Application, 9.

¹⁵¹ *Ibid.*

identify gaps in existing program offerings and recommendations to provide greater buying support. The study budget would be authorized via the Advice Letter for proposed online retail pilots, which would also provide relevant data and insights.¹⁵²

4.3.6.4. EEC

Establishment of an Online Marketplace: The EEC agrees that an online marketplace should be able to steer low income families to ESA, CARE, and other CPUC-approved low income programs.¹⁵³

4.3.6.5. CETF

Coordination with Broadband Outreach and Referrals: CETF protests the IOU applications on the grounds that they fail to include outreach to all low income households to inform them about affordable internet offers.¹⁵⁴ Specifically, CETF protests 1) the failure to include a commitment to assisting low income households in getting connected to the internet, 2) failure to include funding to provide information about affordable home internet service offers through CETF and its network of CBOs, and 3) consideration of funding CBOs already working with IOUs on other programs to ask customers about their home internet service and referring them to CETF and its network.¹⁵⁵ CETF request the Commission to order the IOUs to partner with CBOs and CETF to reach out to all CARE customers to inform them of available affordable home

¹⁵² Enveree Opening Brief, 13.

¹⁵³ EEC *et. al.* Rebuttal Testimony, 29.

¹⁵⁴ CETF protest to PG&E, 2. CETF filed nearly identical protests to all four major IOUs, and arguments found in a protest to one IOU are repeated in protests to other IOUs.

¹⁵⁵ CETF protest to PG&E, 4.

internet offers as a way to promote internet access and thereby greater access to CARE and other income-qualified utility programs.¹⁵⁶

CETF argues that the IOUs have the authority to incorporate innovative strategies to increase enrollment and achieve their CARE goals, which includes online outreach to customers to inform them about affordable home internet offers to achieve various purposes and goals set forth in IOU CARE and ESA proposals.¹⁵⁷ CETF asserts that online outreach could assist in getting energy efficiency programs to low income consumers and increase results in hard-to-reach populations.¹⁵⁸ CETF also specifically recommends that the IOUs ensure that low income households and medical baseline customers in wildfire risk areas have online connections as part of outreach efforts on SB 1477 programs.¹⁵⁹

In terms of funding, CETF argues that unspent funds from the CARE and ESA programs could be used to implement internet sign-up outreach.¹⁶⁰

Lastly, CETF recommends that at the bottom of the IOU website pages for the CARE/FERA program, there should be a brief introduction to the California LifeLine program and weblinks to the CPUC's Do You Qualify for LifeLine website page.¹⁶¹

¹⁵⁶ *Id* at 11.

¹⁵⁷ *Id* at 8, citing D.19-06-022, 5.

¹⁵⁸ *Id* at 8.

¹⁵⁹ *Id* at 9.

¹⁶⁰ *See e.g.* CETF Protest to SDG&E Application, 11.

¹⁶¹ CEFT Comments on Energy Division Staff Proposal, 5.

4.3.6.6. TURN

Coordination with Broadband Outreach and Referrals: TURN is generally supportive of including affordable broadband marketing in ESA/CARE/FERA marketing material; however, TURN opposes the suggestion by CETF that the IOUs be ordered to refer their low income customers to CETF-designated CBOs. TURN recommends that the Commission solicit interest from a broad array of CBOs, including but not limited to those already providing ratepayer-funded services to utility consumers through the CARE, ESA, Telecommunications Education and Assistance in Multiple-Languages (TEAM) Program, and Community Help and Awareness for Natural Gas and Electric Services (CHANGES) programs.¹⁶²

4.3.6.7. EEC, TELACU et al.

Coordination with Broadband Outreach and Referrals: EEC and TELACU et al. provide the following suggestions to CETF's proposal:¹⁶³ 1) CETF and other communications entities should be required to provide information and referrals to ESA and CARE in their marketing materials, 2) ETF should use the pre-existing network of ESA outreach specialists to inform and enroll low income families in affordable broadband programs, 3) the Commission should authorize ESA contractors to provide the affordable broadband enrollment services directly to CETF or its equivalent during their ESA outreach, regardless of any restrictions in the current ESA contracts, 4) CETF or its equivalent should hire existing ESA contractors to perform outreach broadband services similar to those of the CETF CBOs, 5) the Commission should allow private ESA contractors to seek the California Advanced Services Fund (CASF) grants, 6) the Commission

¹⁶² TURN Rebuttal Testimony, 6-8.

¹⁶³ EEC et. al. Rebuttal Testimony, 23-25.

should allow ESA outreach staff to enroll customers into the LifeLine program, 7) CETF should reimburse the IOUs for the costs of having their ESA contractors provide such services, or ESA contractors should be allowed to contract directly with CETF.

4.3.7. IOU Responses

4.3.7.1. PG&E

Coordination with Broadband Outreach and Referrals: PG&E argues that CETF's protest and suggestions are beyond the scope of this proceeding because they are inconsistent with Pub. Util. Code Sections 739.1 and 2790, which set priorities for use of funds collected to implement CARE and ESA programs.¹⁶⁴

4.3.7.2. SCE

Coordination with Broadband Outreach and Referrals: SCE argues that CARE is designed to provide bill assistance to eligible customers. It contends that the program is not designed to inform customers about affordable internet options, and it would be inappropriate for ratepayer funds to be used to this end.¹⁶⁵

4.3.7.3. SDG&E

Coordination with Broadband Outreach and Referrals: SDG&E argues that broadband outreach is outside the authority granted to IOUs by the Commission to implement innovative solutions to CARE enrollment.¹⁶⁶ In addition, unspent balances cannot be used to fund this effort as they are

¹⁶⁴ PG&E Reply to Protests, 4.

¹⁶⁵ SCE Reply to Protests, 2.

¹⁶⁶ SDG&E Reply to Protests, 3.

currently reallocated or earmarked for specific uses within the income qualified programs.¹⁶⁷

Establishment of an Online Marketplace: SDG&E opposes including marketplace technology in the CARE program stating that 1) it is premature, and 2) SDG&E's marketplace is already available to all customers including low income customers on the SDG&E website.¹⁶⁸ SDG&E further suggests that using Enervee's branded marketplace would run contrary to the utility's commitment to open and transparent third-party solicitations for such services.¹⁶⁹

4.3.8. Discussion

4.3.8.1. General Marketing, Education and Outreach Strategies: Approved with Additional Reporting Requirements

We approve the IOUs' CARE ME&O strategies and commend each utility for its creative, and strategic approach to maintaining the 90 plus percent penetration rate and enrolling that very last group of hard-to-reach customers, including SoCalGas' proposal to fund HERs through the mainstream energy efficiency program. We trust that each IOU has crafted strategies that best tackle their respective service areas' challenges and will therefore not require a statewide implementation of all marketing, education and outreach efforts being approved in this decision. However, we highlight below aspects of each IOU strategy that we find interesting and worthwhile for all the IOUs to consider integrating if not already doing so. We also add additional reporting requirements to better understand and track the effectiveness of these efforts.

¹⁶⁷ *Ibid.*

¹⁶⁸ SDG&E Reply to protests, 3.

¹⁶⁹ *Ibid.*

Using Probability/Propensity Models to Customize Marketing

PG&E proposes to use its probability model to identify and strategically contact hard-to-reach households that have a high probability of being CARE eligible. Similarly, SCE proposes using its probability model to create a segmentation approach to create marketing communications that will be created to deliver customized, sequential messages that speak to the unique and/or shared concerns of each prioritized customer segment. SCE could allow for more precise targeting of its mass media and social media efforts based on customer attributes such as geography or behavior. As a result, ads can be selectively targeted to support the segmentation schemes discussed below. Seeing as all four IOUs use similar CARE probability/propensity models with geographic and demographic granularity, it should be feasible for all IOUs to use their models to directly tailor CARE marketing and messaging to specific hard-to-reach populations.

Expanding CBO relationships and Training

PG&E's proposal to expand CBO outreach and education across areas with highly eligible CARE households not yet enrolled is a good example to follow. This includes updating the CBO training with targeted modules integrating all equity programs including but not limited to CARE, FERA, ESA, Medical Baseline, Arrearage Management Plans (AMP), REACH, rate options (DAC Green Tariff), energy management tools, Self-Generation Incentive Programs (SGIP) and other assistance programs enabling CBOs to be knowledgeable about many program offerings for these households.

Expanding on the Ground, Localized Marketing

SoCalGas proposes using smaller, localized campaign efforts by leveraging existing community networks and media, which includes schools,

literacy centers, social service delivery groups, food banks, faith-based and non-profit organizations that target underserved rural areas. This includes targeted radio campaign that broadcasts Spanish-language programming in high density areas. In areas where population density is high enough, SDG&E intends to implement door to door and Live Call campaigns to enroll more hard-to-reach customers. In areas with lower population density, the ESP network will continue to be utilized to reach customers via trusted partners in their local neighborhoods.

Increased targeting to Mobile Home Parks

Through SoCalGas's Mobile Home Park Utility Upgrade Program ("UUP") all eligible customers in mobile home parks will be made aware of CARE and can sign-up directly with SoCalGas. The other three IOUs should explore something similar with mobile home parks to increase direct marketing and allow homes to sign-up directly for CARE. The IOUs shall report the steps they are taking towards marketing CARE to mobile home customers and converting mobile home sub-metering to direct utility served customers in their annual report. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

Additional Reporting in Low CARE Penetration Zip Codes

Lastly, in an effort to analyze if these strategies are effective in targeting and enrolling these hard to reach households, we will require the IOUs to track the following: 1) CARE penetration data for zip codes that have ten percent or more disconnections, high poverty areas (income less than 100 percent of FPG), zip codes with 70 percent or less CARE penetration, and DAC zip codes with 70 percent or less CARE penetration, (reported monthly), and 2) the IOU's successes, short-comings, and corrective plans in ME&O strategies to enroll

customers in zip codes that fall into these categories (reported annually). The reporting template approved by Energy Division will include the specifics of this reporting criteria.

4.3.8.2. Coordination with Broadband Outreach and Referrals: Approved per Joint Stipulation

Since the time testimony in this proceeding was served, the IOUs and CETF have entered a Joint Stipulation (Attachment 6) to accomplish affordable broadband offer marketing efforts.¹⁷⁰ The IOUs and CETF request Commission approval of the Joint Stipulation as well as authority to use authorized CARE/FERA/ESA dollars to market affordable broadband offerings in PYs 2021- 2026. Among the agreements detailed in the Joint Stipulation, the IOUs agree to add a telephone and weblink to its website and integrate an affordable broadband offer into select CARE, ESA, and/or FERA direct marketing materials biannually. CETF will also have an opportunity to include affordable broadband offer materials into ESA education kits, and present affordable broadband opportunities to CBOs and ESA contractors during IOUs respective relevant meetings. With regards to costs, the low income programs' ME&O approved budgets for PYs 2021-2026 would be used to subsidize minimal costs for certain tasks detailed in the Joint Stipulation, including, but not limited to, sorting materials, distribution, postage, internal labor to coordinate marketing and website design, and costs associated with assembling ESA educational kits.

In response to the Joint Stipulation, TURN expressed concerns and recommended that it be rejected unless the following modifications are made: 1) the IOUs should include a link to a Commission-maintained website with information about affordable internet services, where the Commission would

¹⁷⁰ PG&E Rebuttal Testimony, Appendix B.

retain the ability to vet the appropriateness of any website link(s) being provided to low-income customers through the IOUs, 2) CETF would be required to obtain Commission approval of materials to be included in ESA education kits, 3) the Commission should ensure that any trainings by CETF enable participation by a broad array of CBOs, not limited in any way by CETF, in promoting affordable internet service.¹⁷¹

PG&E responded by stating that the Joint Stipulation provides the framework to coordinate on efforts while limiting incremental costs and ensuring income-qualified program marketing and messaging are not diluted, and recommends the Joint Stipulation be approved without modification.¹⁷²

Given that most relevant parties to the Joint Stipulation have agreed to the terms, we approve the Joint Stipulation as it provides an opportunity for the IOUs and CETF to address the digital divide. We find it reasonable considering the record and in the interest of the low income customers. We note that although we approve *minimal* funding for these efforts though the low income program's authorized ME&O budgets, we expect that integrating broadband affordable offer messaging into the IOUs' direct marketing materials can be accomplished at minimal or no cost to the ratepayer. Any incremental costs related to co-marketing tactics (such as standalone CETF materials, production, language translation for standalone materials, distribution, etc.) shall be funded by CETF and not funded by IOUs ratepayers, including any additional proposed co-marketing or co-promotions outside of the Joint Stipulation.

¹⁷¹ TURN Reply Brief, 21-22.

¹⁷² PG&E Reply Brief, 19.

4.3.8.3. Establishment of an Online Market Place: Denied

We deny Enervee's proposal to require the IOUs to co-market its online energy efficiency marketplace through CARE/FERA/ESA marketing. The fact that the online energy efficiency marketplace is not geared towards low income customers could confuse low income customers on what measures they are eligible to receive for free through ESA, and which ones are not part of the ESA program. We also deny a separate study as proposed by Enervee as there already exist various avenues for this type of research.

4.4. Cooling Centers

4.4.1. Background

Cooling Centers are facilities where people can go during the summer months to escape the heat and reduce their energy usage. D.19-06-022 asked the IOUs to discuss whether the utility's Cooling Center budget was incorporated into their most recent General Rate Case (GRC) as directed in D.16-11-022, as modified by D.17-12-009, and whether it has been updated to reflect possible de-energization events.¹⁷³ If not, the IOUs were to propose annual cooling center budgets consistent with the requirements outlined in D.16-11-022, as modified by D.17-12-009, for PYs 2021-2026 and discuss the timeline of the next GRC and their plans to incorporate cooling centers.

4.4.2. PG&E Proposal

PG&E's cooling center budget is included in its 2020 GRC and therefore does not request any additional funding from the CARE program.

¹⁷³ Decision 19-06-022, Attachment A-31.

4.4.3. SCE Proposal

SCE's cooling center budget is included in its 2021 GRC and therefore does not request any additional funding from the CARE program.¹⁷⁴

4.4.4. SoCalGas Proposal

SoCalGas does not include any proposals regarding Cooling Centers.¹⁷⁵

4.4.5. SDG&E Proposal

SDG&E's Cool Zone program budget is included in its GRC application and therefore does not request any additional funding from the CARE program.¹⁷⁶

4.4.6. Party Positions

No substantive party comments were received on this topic.

4.4.7. Discussion

4.4.7.1. Funding Cooling Center via GRC: Approved

The Commission approves the IOU proposals to fund Cooling Centers through the GRC given that cooling centers benefit all patrons, and not just low income patrons.

4.5. CHANGES

4.5.1. Background

Commission Decision 15-12-047 approved the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) program which provides outreach, education, and bill issue assistance on natural gas and

¹⁷⁴ SCE Prepared Testimony III-30, Pursuant to D.17-12-009.

¹⁷⁵ SoCalGas Application, Attachment B-1.

¹⁷⁶ See generally A.17-10-007/-008 (cons.), Test Year 2019 General Rate Case Application of San Diego Gas & Electric Company (October 6, 2017) (approving Cooling Zone Program budget, although not specifically referenced); see also A.17-10-007/-008 (cons.), SDG&E Direct Testimony of Lisa C. Davidson (Customer Service Information and Technologies) (October 6, 2017), 14.

electricity bills and services to limited English proficient (LEP) consumers through a statewide network of CBOs. CHANGES is currently funded from the CARE program and thus provides services in the service territories of the IOUs. In D.16-11-022, as modified by D.17-12-009, the Commission stated that “until a long-term Commission funding source can be established through budgetary and/or legislative channels, the ongoing CHANGES program will be funded as a reimbursement from the CARE program, through the end of the current program cycle, and may be renewed by the Commission, as needed into the next CARE cycle.”¹⁷⁷ D.19-06-022 asked if the IOUs plan to continue funding the CHANGES program from CARE, and if so, at what level.¹⁷⁸ The table below provides the IOU proposed budgets.

Table 2: Proposed CHANGES Budget, PYs 2021-2026

IOU	2021	2022	2023	2024	2025	2026	Total
SCE	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$3,150,000
PG&E	\$535,000	\$535,000	\$535,000	\$535,000	\$535,000	\$535,000	\$3,210,000
SDG&E	\$265,000	\$265,000	\$265,000	\$265,000	\$265,000	\$265,000	\$1,590,000
SoCalGas	\$437,502	\$437,502	\$437,502	\$437,502	\$437,502	\$437,502	\$2,625,012
Total	\$1,762,502	\$1,762,502	\$1,762,502	\$1,762,502	\$1,762,502	\$1,762,502	\$10,575,012

4.5.2. PG&E Proposal

Alternate Funding Source: PG&E is supportive of alternative funding sources to continue the CHANGES program as alluded to in D.15-12-047, but for the moment is satisfied with funding CHANGES from the CARE balancing

¹⁷⁷ D.16-11-022, as modified by D.17-12-009, 23-24.

¹⁷⁸ D.19-06-022, Attachment A-31.

account.¹⁷⁹ PG&E proposes that if the Commission decides to move the CHANGES funding outside of the CARE proceeding, the Commission should transition CHANGES monthly, annual, and Low Income Oversight Board (LIOB) reporting to the Commission-selected contractor. This was directed by D.15-12-047 which states “once an ongoing funding source out of the Commission’s reimbursable budget is authorized, the IOUs’ role will change. They will no longer be required to include CHANGES activities in their CARE monthly reports when the funding no longer comes from the CARE program.”¹⁸⁰

4.5.3. SCE Proposal

Alternate Funding Source: SCE proposes that CHANGES be funded through a source other than CARE, arguing that the program currently provides little direct benefit to CARE customers or towards achieving any of the goals of the CARE program.¹⁸¹ However, SCE states that until the Commission determines another appropriate funding source, SCE will continue to fund CHANGES at the current level of \$525,000 per year through CARE.¹⁸² SCE proposes that if the Commission decides to move the CHANGES funding outside of the CARE proceeding, the Commission should transition CHANGES monthly, annual, and LIOB reporting to the Commission-selected contractor.

4.5.4. SoCalGas Proposal

Alternate Funding Source: SoCalGas proposes that CHANGES be funded through a source other than CARE, either through the Commission’s reimbursable budget or SoCalGas’ next GRC, stating that CARE is not the

¹⁷⁹ PG&E Prepared Testimony, II-57.

¹⁸⁰ Decision 15-12-047, 28.

¹⁸¹ SCE Prepared Testimony, III-29-30.

¹⁸² SCE Prepared Testimony, III-30.

appropriate funding source because program currently provides little direct benefit to CARE customers. In 2018, of the 599 services provided, 558 (93 percent) of the services were for non-CARE related assistance such as account set up, account changes, reconnections, bill payment assistance, payment plans and extensions.¹⁸³ Also, if the Commission decides to move the CHANGES funding outside of the CARE proceeding, the Commission should also transition CHANGES monthly, annual, and LIOB reporting to the Commission-selected contractor. Alternatively, if the Commission determines that CHANGES should continue to be funded through CARE, SoCalGas proposes that CHANGES continue to be funded at an amount not to exceed \$1.75 million per year.¹⁸⁴

4.5.5. SDG&E Proposal

Alternate Funding Source: SDG&E proposes that CHANGES be funded through a source other than CARE, specifically in the next GRC, because CHANGES provides service to all limited English proficient customers, not just low income customers.¹⁸⁵ “In 2018, of the 291 services provided, 280 (96 percent) of the services were for bill payment assistance, account changes, payment plans, reconnections, and payment extensions. Most inquiries appear to be related to general billing issues and not low income program administration or enrollment.”¹⁸⁶ Also D.15-12-047 states that alternative funding sources for the CHANGES program should be identified after the 2015-2017 program cycle and based on the evidence provided by the 2018 services data, it would be more

¹⁸³ SoCalGas Application Testimony of Octavio Verduzco, OV-54.

¹⁸⁴ SoCalGas Application, 32.

¹⁸⁵ SDG&E Application, 18.

¹⁸⁶ SDG&E Application Testimony of Sara Nordin, SN-CARE-42.

prudent to fund the program through the GRC.¹⁸⁷ SDG&E also proposes that if the Commission decides to move the CHANGES funding outside of the CARE proceeding, the Commission should also transition CHANGES monthly, annual, and LIOB reporting to the Commission-selected contractor.¹⁸⁸

4.5.6. Party Positions

4.5.6.1. TURN

Funding Request by PG&E: TURN states that the Commission should deny PG&E's request for funding above its allocated share of the statewide budget for the CHANGES program.¹⁸⁹ According to TURN, PG&E seeks to recover from customers not only its share of the statewide CHANGES budget but also \$10,000 per year for its own labor costs.¹⁹⁰ TURN recommends that the Commission deny PG&E's request for additional funding for CHANGES, beyond the \$525,000 budget authorized in D.15-12-047 and D.16-11-022.

4.5.7. IOU Response

4.5.7.1. PG&E

Funding Request by PG&E: In response to TURN's protest, PG&E agreed to reduce its CHANGES program budget request from \$535,000 to \$525,000 annually.¹⁹¹

4.5.8. Discussion

4.5.8.1. Alternate Funding Source: Denied

We deny moving the funding and reporting of CHANGES from the CARE program to the GRC at this time. Although we agree with the IOUs that the

¹⁸⁷ *Ibid.*

¹⁸⁸ SDG&E four-year GRC cycle is currently being considered in Rulemaking 13-11-006.

¹⁸⁹ TURN Prepared Testimony of Hayley Goodson, 5.

¹⁹⁰ PG&E Application Testimony, II-21.

¹⁹¹ PG&E Rebuttal Testimony, II-13

program may appear to provide less direct benefits to the CARE program than we would like, CHANGES does provide benefits to the overall low income community. These benefits and services include providing information, consumer outreach and education on income-qualified services. Aligning it within the CARE proceedings will also allow more oversight of the program and will be less regulatorily burdensome than deferring it to the overall GRC proceeding.

Therefore, we approve funding for the CHANGES program through CARE for PYs 2021-2026 as proposed by the IOUs with a reduction in PG&E's contribution. We will also require that CHANGES be evaluated by an independent third party to detail the benefits and cost-effectiveness of services delivered to low income customers, including comparisons to similar initiatives nationwide.¹⁹² Using the same reasoning established in previous decisions to set the evaluation budget,¹⁹³ we allow up to 4 percent of the combined 2021-2026 authorized CHANGES budgets for at least two sequential, third-party evaluations of the program. The contract management of the evaluation will be led by PG&E while the scope will be determined by the IOUs, the Commission's Consumers Affairs Branch and Energy Division staff, with final approval by Commission staff. The evaluations will look at the benefits and cost-effectiveness of services delivered but shall also include a determination of the most appropriate funding source for the CHANGES program based on the beneficiaries of the program. The first evaluation shall begin by no later than 12 months after the approval of this decision and the second evaluation shall deliver

¹⁹² D.15-12-047, OP-32

¹⁹³ *Id* at 19.

a final report by no later than December 31, 2025 for the IOUs to take the report recommendations into consideration for the post 2026 application cycle.

Table 3: Approved CHANGES Budget, PYs 2021-2026

IOU	2021	2022	2023	2024	2025	2026	Total
SCE	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$3,150,000
PG&E	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$525,000	\$3,150,000
SDG&E	\$265,000	\$265,000	\$265,000	\$265,000	\$265,000	\$265,000	\$1,590,000
SoCalGas	\$437,502	\$437,502	\$437,502	\$437,502	\$437,502	\$437,502	\$2,625,012
Total	\$1,752,502	\$1,752,502	\$1,752,502	\$1,752,502	\$1,752,502	\$1,752,502	\$10,515,012

4.6. CARE Budgets

4.6.1. Background

The CARE budget is made up of two components: 1) the CARE subsidy, or discount provided to the customers, and 2) the program management, or administrative costs to implement the program. The program management budget includes categories such as outreach, processing, certification, recertification, IT programming, Cool Centers, pilots, measurement and evaluation, regulatory compliance, general administration, and Commission Energy Division support. Program management expenses, like the CARE subsidy, are based on estimates and are adjusted annually. The table below summarizes the IOUs' proposed overall CARE Budgets as presented in their applications.

Table 4: Proposed CARE Budgets, PYs 2021-2026

IOU	CARE Proposed Administrative Budget						Total
	2021	2022	2023	2024	2025	2026	
SCE	\$10,503,716	\$10,108,535	\$10,526,671	\$10,454,193	\$10,850,293	\$10,953,158	\$63,396,566
PG&E	\$14,150,600	\$13,760,000	\$13,961,600	\$14,070,600	\$14,444,200	\$14,787,700	\$85,174,700
SDG&E	\$6,622,169	\$7,241,045	\$6,922,453	\$7,013,368	\$7,399,570	\$7,401,649	\$42,600,254
SoCalGas	\$10,859,663	\$11,085,592	\$11,181,364	\$11,465,069	\$11,774,132	\$11,915,864	\$68,281,684

Total	\$42,136,147	\$42,195,172	\$42,592,088	\$43,003,231	\$44,468,195	\$45,058,370	\$259,453,204
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IOU	CARE Proposed Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$399,664,922	\$404,343,437	\$409,564,225	\$415,120,450	\$421,034,721	\$427,678,676	\$2,477,406,431
PG&E	\$683,539,000	\$687,689,000	\$691,973,000	\$696,394,000	\$700,957,000	\$705,667,000	\$4,166,219,000
SDG&E	\$120,383,441	\$121,587,275	\$122,803,149	\$124,031,180	\$125,271,491	\$126,524,206	\$740,600,742
SoCalGas	\$138,389,984	\$139,583,569	\$140,801,916	\$142,032,348	\$143,264,981	\$144,495,405	\$848,568,203
Total	\$1,341,977,347	\$1,353,203,281	\$1,365,142,290	\$1,377,577,978	\$1,390,528,193	\$1,404,365,287	\$8,232,794,376

IOU	CARE Proposed Administrative Budget and Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$410,168,638	\$414,451,972	\$420,090,896	\$425,574,643	\$431,885,014	\$438,631,834	\$2,540,802,997
PG&E	\$697,689,600	\$701,449,000	\$705,934,600	\$710,464,600	\$715,401,200	\$720,454,700	\$4,251,393,700
SDG&E	\$127,005,610	\$128,828,320	\$129,725,602	\$131,044,548	\$132,671,061	\$133,925,855	\$783,200,996
SoCalGas	\$149,249,646	\$150,669,161	\$151,983,280	\$153,497,417	\$155,039,114	\$156,411,268	\$916,849,886
Total	\$1,384,113,494	\$1,395,398,454	\$1,407,734,378	\$1,420,581,208	\$1,434,996,389	\$1,449,423,657	\$8,492,247,580

4.6.2. PG&E Proposal

PG&E proposes a total CARE budget of \$4.25 billion for PYs 2021-2026, averaging \$708 million each year.¹⁹⁴

CARE Subsidy Budgets: The CARE subsidy totals \$4.2 billion (98 percent of total CARE budget), with an estimated average enrollment population of 1.35 million households annually.

CARE Program Management Budgets: The CARE program management budget totals \$85 million, (2 percent of total CARE budget). The largest program management cost is outreach, with 56 percent of the program management budget, followed by processing, certification, recertification and PEV with 17 percent of the program management budget. General administration accounts for 8 percent of the total CARE program management costs.¹⁹⁵

¹⁹⁴ PG&E Prepared Testimony, 0-6.

¹⁹⁵ PG&E CARE Application, Attachment B, Table "B-1 CARE Budget."

4.6.3. SCE Proposal

SCE proposes a total CARE budget of \$2.54 billion for PYs 2021-2026, averaging \$423 million each year.¹⁹⁶

CARE Subsidy Budgets: The CARE subsidy totals \$2.48 billion (98 percent of total CARE budget), with an estimated average enrollment population of 1.22 million households annually.

CARE Program Management Budgets: The CARE program management budget totals \$63 million, (2.5 percent of total CARE budget). The largest program management cost is outreach, with 43 percent of the program management budget, followed by processing, certification, recertification and PEV with 19 percent of the program management budget. General administration accounts for 14 percent of the total CARE program management costs.¹⁹⁷

4.6.4. SoCalGas Proposal

SoCalGas proposes a total CARE budget of \$916 million for PYs 2021-2026, averaging \$153 million each year.¹⁹⁸

CARE Subsidy Budgets: The CARE subsidy totals \$848.5 million (92.5 percent of total CARE budget), with an estimated average enrollment population of 1.67 million households annually.

CARE Program Management Budgets: The CARE program management budget totals \$68 million, (7.5 percent of total CARE budget). The largest program management cost is outreach, with 48 percent of the program management budget, followed by processing, certification, recertification and

¹⁹⁶ SCE Prepared Testimony, III-28-29.

¹⁹⁷ SCE CARE Application, Attachment B, Table "B-1 CARE Budget."

¹⁹⁸ SoCalGas CARE Application, Attachment B, Table "B-1 CARE Budget."

PEV with 20 percent of the program management budget. General Administration accounts for 10 percent of the total CARE program management costs.¹⁹⁹

4.6.5. SDG&E Proposal

SDG&E proposes a total CARE budget of \$783 million for PYs 2021-2026, averaging \$130.5 million each year.²⁰⁰

CARE Subsidy Budgets: The CARE subsidy totals \$740.6 million (95 percent of total CARE budget), with an estimated average enrollment population of 300,000 households annually.

CARE Program Management Budgets: The CARE program management budget totals \$42.6 million (5 percent of total CARE budget). The largest program management cost is outreach, with 47 percent of the program management budget, followed by IT programming with 17 percent of the program management budget. Processing, certification, recertification and PEV is 9 percent of the program management budget. General administration accounts for 10 percent of the total CARE program management costs.²⁰¹

4.6.6. Party Positions

No substantive party comments were received on this topic.

4.6.7. Discussion

4.6.7.1. CARE Subsidy Budgets for all IOUs: Approved

In comparing the historical subsidy expenditures from PYs 2017-2020 below, we can see that the proposed yearly CARE subsidy budgets have

¹⁹⁹ *Ibid.*

²⁰⁰ *Ibid.*

²⁰¹ SDG&E CARE Application, Attachment B, Table “B-1 CARE Budget.”

increased for all the IOUs. We find this reasonable given the comparable increase in the number of households enrolled and the changes to residential electric and gas rates. Therefore, we approve the below CARE subsidy budgets.

Table 5: Historical Authorized CARE Subsidy Budgets and Proposed CARE Subsidy Budgets²⁰²

PY	SCE	PG&E	SDG&E	SoCalGas	Total
Historical CARE Subsidy Budgets					
2017	\$375,043,839	\$643,538,184	\$114,029,348	\$105,702,810	\$1,238,314,181
2018	\$376,226,811	\$610,623,696	\$126,165,599	\$108,348,466	\$1,221,364,572
2019	\$365,302,843	\$638,701,809	\$117,947,051	\$133,972,855	\$1,255,924,558
2020	\$492,093,638	\$599,117,991	\$76,062,933	\$132,351,979	\$1,299,626,541
Approved CARE Subsidy Budgets					
2021	\$399,664,922	\$683,539,000	\$120,383,441	\$138,389,984	\$1,341,977,347
2022	\$404,343,437	\$687,689,000	\$121,587,275	\$139,583,569	\$1,353,203,281
2023	\$409,564,225	\$691,973,000	\$122,803,149	\$140,801,916	\$1,365,142,290
2024	\$415,120,450	\$696,394,000	\$124,031,180	\$142,032,348	\$1,377,577,978
2025	\$421,034,721	\$700,957,000	\$125,271,491	\$143,264,981	\$1,390,528,193
2026	\$427,678,676	\$705,667,000	\$126,524,206	\$144,495,405	\$1,404,365,287

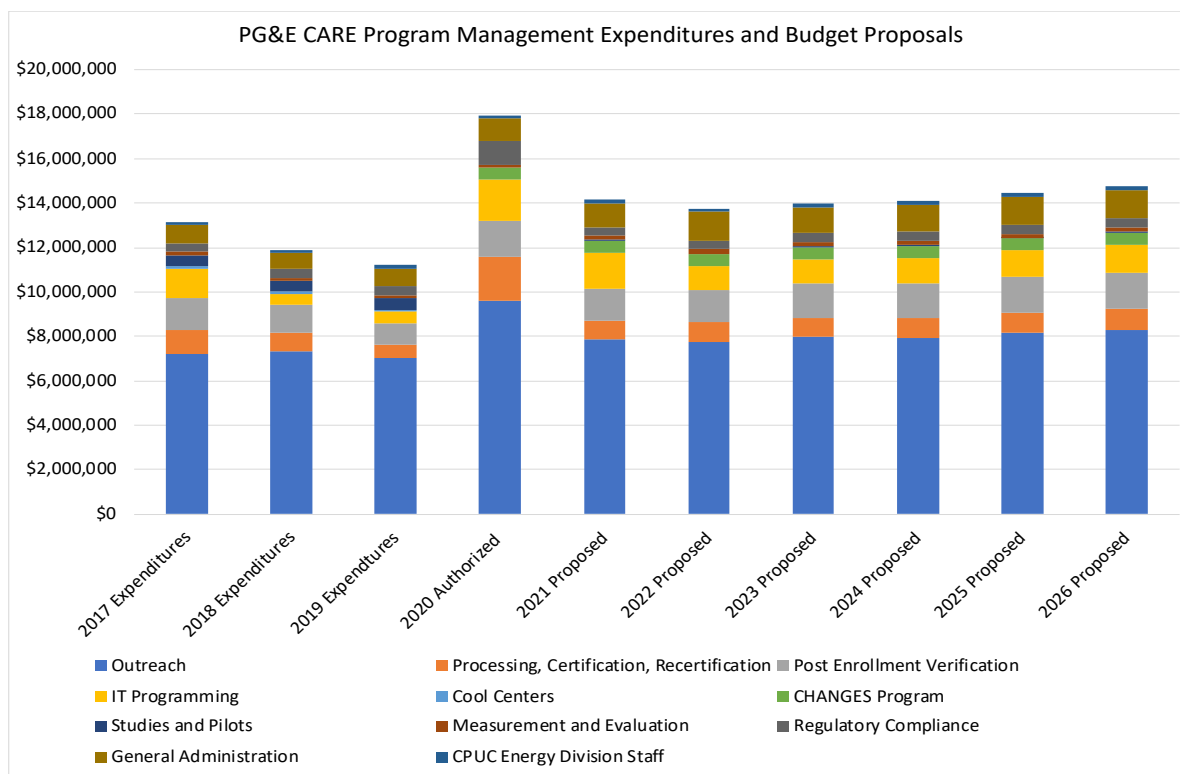
4.6.7.2. PG&E's CARE Program Management Budgets: Approved

We approve PG&E's program management budget as proposed. The proposed program management costs account for 2 percent of total program costs and is an average increase of about \$2 million annually, or an 18 percent

²⁰² SDG&E's low CARE discount budget in 2020 (\$76M) is a forecast from their 2018 Mid-Cycle ALs. This has occurred in the past, for example, in 2019 the CARE forecasted budget was \$74M, compared with actual CARE discount expenditures of \$118M. SDG&E updated their CARE discount budget to \$122M for 2020 as authorized in Advice Letter 3440-E and Advice Letter 2815-G, effective January 1, 2020. SDG&E has told staff that they are updating their CARE discounting forecasting methodology to be more accurate going forward into the next program years.

increase from PYs 2017-2019 average expenditures, which we determine to be reasonable as further described below.

Chart 1: PG&E's CARE Program Management Budgets, PYs 2017-2026



As can be seen from the chart above, most of the increase comes from the outreach budget which is projected at \$8 million annually and is an increase of about \$800,000 annually. The two other categories with the largest increase in expenditures is IT programming and general administration, with an average annual increase of \$400,000 over expenditures from 2017-2019. Otherwise, all other program management cost categories have remained relatively consistent from previous years. These increases in costs align with PG&E's plans for increased marketing and outreach efforts to convert customers that have been unresponsive to past marketing. Further, the increase in IT programming is due to updates such as PG&E's CARE One database with new software platform

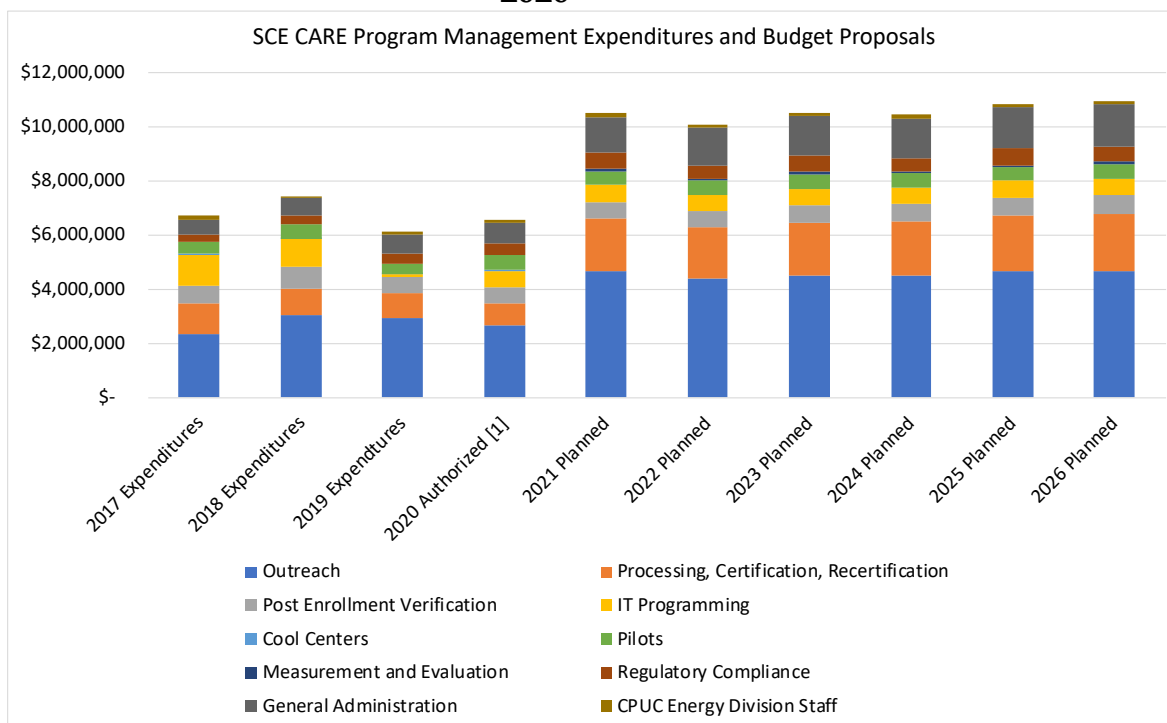
Energy Insight and increases in general administration are attributable to propensity models updates as well as program management labor costs.²⁰³

**4.6.7.3. SCE's CARE Program Management Budgets:
Approved**

We approve SCE's program management budget as proposed. SCE's proposed program management costs account for 2.5 percent of total program costs and is an average increase of about \$3.8 million annually, or a 56 percent increase from PYs 2017-2019 average annual expenditure. However, per SCE's application, these budget figures combine proposed budget for both CARE and FERA programs. See Section 5.4 in the FERA discussion on requirements for SCE to break-out CARE and FERA budgets separately. Although a 56 percent increase may seem high, it is still in line with the overall average spend rate as compared to the other IOUs. Combined with the specific areas where the increase in spending will occur, we determine this to be reasonable as further described below.

²⁰³ PG&E Application Attachment A, II-1.

Chart 2: SCE's CARE Program Management Budgets, PYs 2017-2026



As can be seen from the chart above, most of the increase comes from outreach and processing, certification, recertification. CARE outreach is projected at an average of \$4.5 million annually, an increase of about \$1.8 million annually from the average 2017-2019 annual outreach expenditures.²⁰⁴ The processing, certification, recertification proposed budget of \$2 million annually is almost \$1 million larger than the average annual expenditures for this program management line item in 2017-2019. We expect that as CARE penetration increases, more funding will be required to reach and enroll the hardest to reach customers as well as develop new marketing material and outreach tactics for these groups,²⁰⁵ and therefore find that the increased need is reasonable.

²⁰⁴ Energy Division Data Request to SCE issued on September 3, 2020 clarified that the FERA portion of this Outreach budget proposed is about \$775,000/year.

²⁰⁵ SCE Prepared Testimony, III-19.

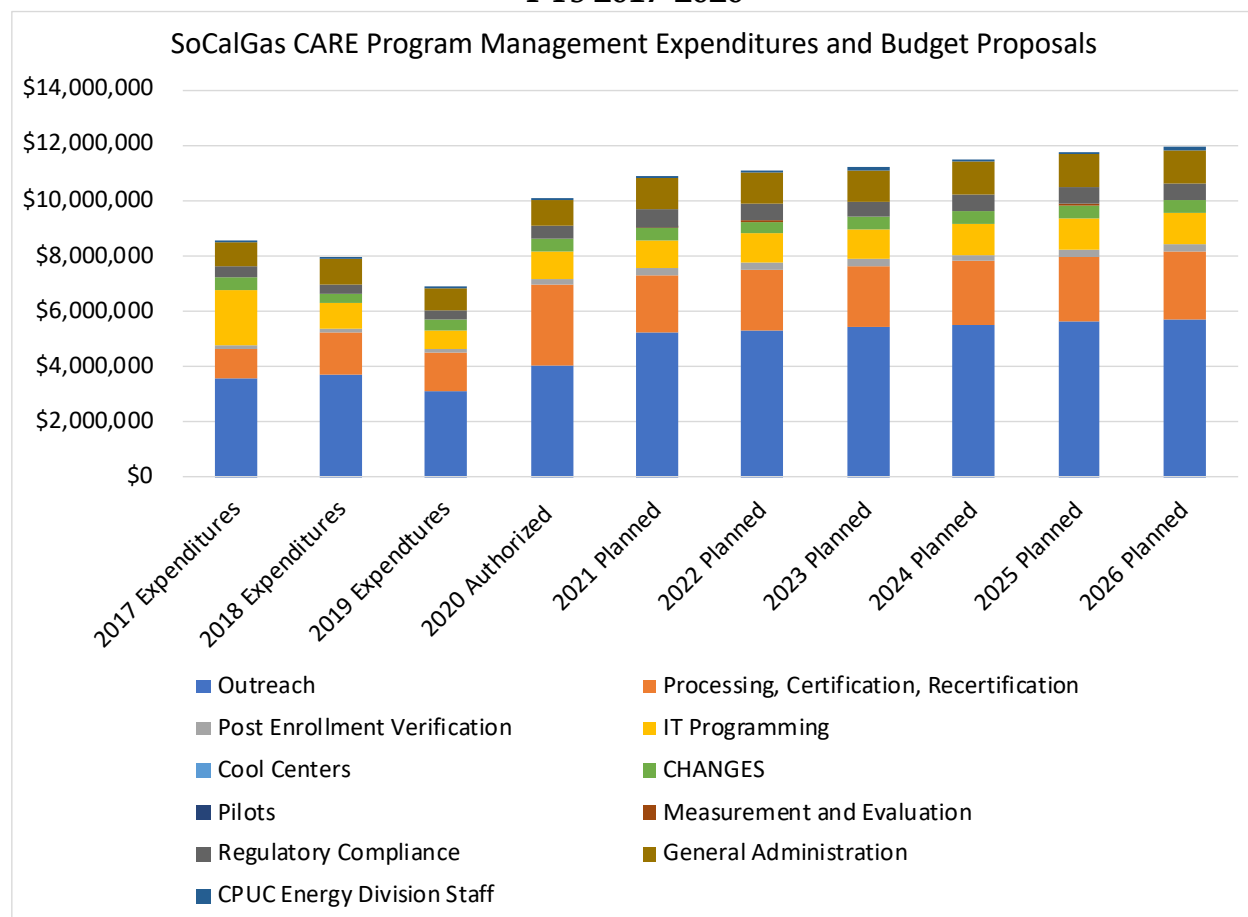
Additionally, budget is needed to make the proposed modifications to SCE's Optical Character Recognition software.²⁰⁶

4.6.7.4. SoCalGas' CARE Program Management Budgets: Approved with Modifications

We approve SoCalGas' proposed program management budget with a modification to the outreach category, approved at a budget of \$1 million less than requested per annum. The proposed program management costs account for 7 to 8 percent of total program costs and is an average increase of about \$3.6 million annually, or a 46 percent increase from PYs 2017-2019 average annual expenditure. The main driver of this increase is the annual proposed outreach budget which is nearly \$2 million more than the average 2017-2019 program expenditures on this line item. As discussed further below, SoCalGas' application does not support an increase in the outreach budget at the proposed level.

²⁰⁶ *Id* at III-17.

**Chart 3: SoCalGas' CARE Program Management Budgets
PYs 2017-2026**



As can be seen from the chart above, most of the increase comes from the outreach budget, which is projected at an average of \$5.5 million annually, an increase of about \$1.9 million annually from the average 2017-2019 annual outreach expenditures. SoCalGas describes its proposal for new and existing outreach strategies, including direct marketing efforts (\$1.654 million/year), long-term mass marketing campaigns (\$600,000/year), mass market collateral (\$800,000/year), community outreach (\$600,000/year), redesign of CARE applications and bill inserts (one-time \$131,000 expense), and innovating

outreach (\$100,000/year), with an annual estimated cost of about \$3.7 million.²⁰⁷

This value is close to the average annual CARE outreach expenditures of \$3.4 million spent during PYs 2017-2019.²⁰⁸ However, SoCalGas does not provide sufficient support for the additional budget request. Therefore, we reduce the CARE outreach budget by \$1 million for each program year and believe that this will still provide enough budget for SoCalGas to conduct the outreach activities proposed in its application, while also taking into account the projected increase in CARE enrollments. Otherwise, all other program management cost categories have remained relatively consistent and align with SoCalGas' proposed plans in their application.

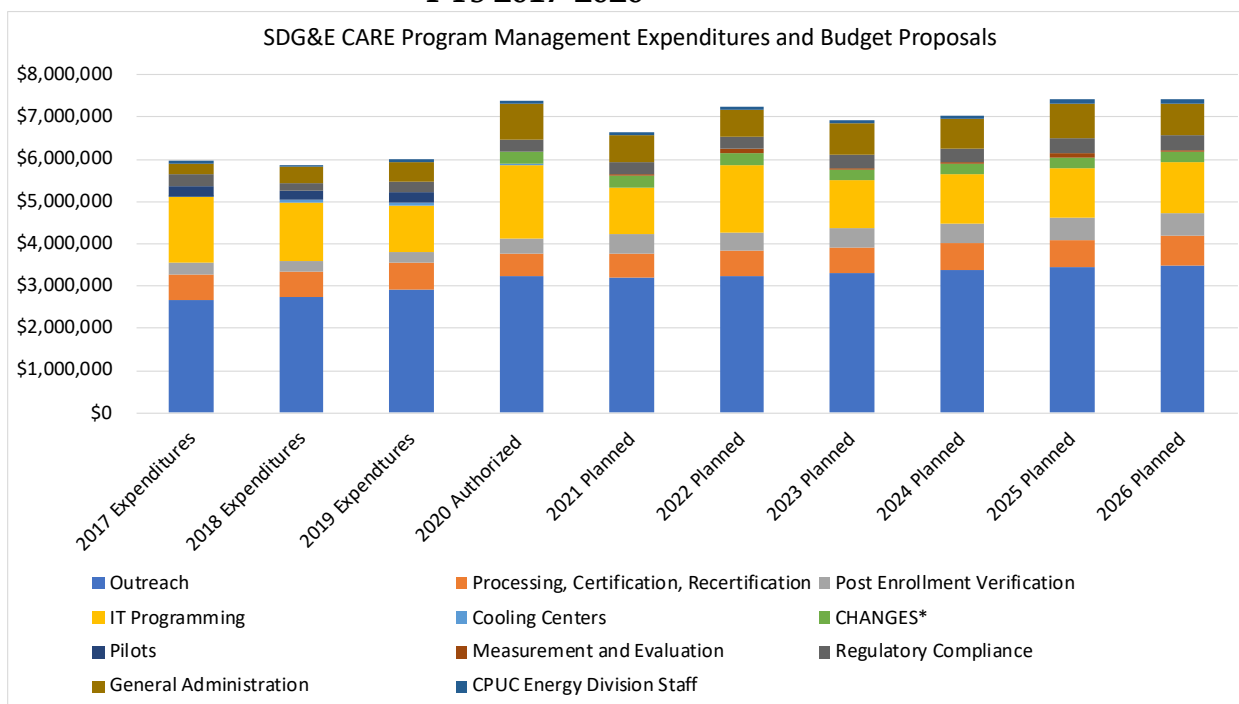
**4.6.7.5. SDG&E's CARE Program Management
Budgets: Approved with Modifications**

We approve SDG&E's CARE program management budget, less \$500,000 from SDG&E's IT programming administrative line item in PY 2022 (as discussed in Section 4.2). The proposed program management costs account for 5 to 6 percent of total program costs and is an average increase of about \$1.2 million annually, or a 20 percent increase from PYs 2017-2019 average annual expenditure. Aside from the 500,000 for SDG&E's IT programming and combined with the specific areas where the increase in spending will occur, we determine this to be reasonable as further described below.

²⁰⁷ SoCalGas Application Testimony of Octavio Verduzco, pg. OV-16 to OV-28.

²⁰⁸ SoCalGas 2017, 2018 and 2019 Annual Reports, CARE Table 1.

**Chart 4: SDG&E's CARE Program Management Budgets
PYs 2017-2026**



As can be seen from the chart above, most of the increase comes from the outreach budget proposed at an average of \$3.3 million annually, which is an increase of about \$560,000 from the average 2017-2019 annual outreach expenditures. Another large change in the proposed budget from previous years is the increase in the PEV line item that will support forecasted increases in program enrollment.²⁰⁹ The average annual PEV budget for PYs 2021-2026 will be around \$485,000 annually, nearly a 90 percent increase in the average annual 2017-2019 expenditures of \$257,000 for this line-item. The proposed budget also includes a small decrease in the administrative budget on an annual basis due to a 10 percent decrease in average annual IT programming expenses for expected efficiencies that should be gained as part of the implementation of a new CIS,²¹⁰

²⁰⁹ SDG&E Application, 17.

²¹⁰ *Ibid.*

and \$120,000 to update its IVR system.²¹¹ Therefore, the increase in budget for the above efforts is reasonable and expected.

4.6.7.6. Total Approved CARE Budgets: Summary

In summary, the total approved CARE budgets (Subsidy + Program Management) are provided below.

Table 6: Approved CARE Budgets, PYs 2021-2026

IOU	Approved CARE Administrative Budget						Total
	2021	2022	2023	2024	2025	2026	
SCE	\$10,503,716	\$10,108,535	\$10,526,671	\$10,454,193	\$10,850,293	\$10,953,158	\$63,396,566
PG&E	\$14,150,600	\$13,760,000	\$13,961,600	\$14,070,600	\$14,444,200	\$14,787,700	\$85,174,700
SDG&E	\$6,622,169	\$6,741,045	\$6,922,453	\$7,013,368	\$7,399,570	\$7,401,649	\$42,100,254
SoCalGas	\$9,859,663	\$10,085,592	\$10,181,364	\$10,465,069	\$10,774,132	\$10,915,864	\$62,281,684
Total	\$41,136,147	\$40,695,172	\$41,592,088	\$42,003,231	\$43,468,195	\$44,058,370	\$252,953,204

IOU	Approved CARE Subsidies						Total
	2021	2022	2023	2024	2025	2026	
SCE	\$399,664,922	\$404,343,437	\$409,564,225	\$415,120,450	\$421,034,721	\$427,678,676	\$2,477,406,431
PG&E	\$683,539,000	\$687,689,000	\$691,973,000	\$696,394,000	\$700,957,000	\$705,667,000	\$4,166,219,000
SDG&E	\$120,383,441	\$121,587,275	\$122,803,149	\$124,031,180	\$125,271,491	\$126,524,206	\$740,600,742
SoCalGas	\$138,389,984	\$139,583,569	\$140,801,916	\$142,032,348	\$143,264,981	\$144,495,405	\$848,568,203
Total	\$1,341,977,347	\$1,353,203,281	\$1,365,142,290	\$1,377,577,978	\$1,390,528,193	\$1,404,365,287	\$8,232,794,376

IOU	Approved CARE Administrative Budget and Subsidies						Total
	2021	2022	2023	2024	2025	2026	
SCE	\$410,168,638	\$414,451,972	\$420,090,896	\$425,574,643	\$431,885,014	\$438,631,834	\$2,540,802,997
PG&E	\$697,689,600	\$701,449,000	\$705,934,600	\$710,464,600	\$715,401,200	\$720,454,700	\$4,251,393,700
SDG&E	\$127,005,610	\$128,328,320	\$129,725,602	\$131,044,548	\$132,671,061	\$133,925,855	\$782,700,996
SoCalGas	\$148,249,646	\$149,669,161	\$150,983,280	\$152,497,417	\$154,039,114	\$155,411,268	\$910,849,886
Total	\$1,383,113,494	\$1,393,898,454	\$1,406,734,378	\$1,419,581,208	\$1,433,996,389	\$1,448,423,657	\$8,485,747,580

²¹¹ *Ibid.*

5. FERA Program

5.1. FERA Goals

5.1.1. Background

The Commission did not set specific enrollment goals for the FERA program until D.18-08-013,²¹² where PG&E was directed to increase its FERA participation to 50 percent of eligible customers by 2023, and D.18-11-027, where SCE was directed to increase its FERA participation to 50 percent by 2023.²¹³ D.19-06-022 asked the IOUs to describe their plans to comply with legislative changes addressing FERA enrollment in Senate Bill 1135 and goals outlined in Commission decisions.²¹⁴ SDG&E's application stated that their Phase 2 GRC had not been completed before their ESA/CARE applications were due, but that they were proactively establishing a target to reach 50 percent enrollment, alongside the other IOUs by 2026.²¹⁵

Table 7: Proposed FERA Participation and Enrollment Goals

	PG&E		SCE		SDG&E	
PY	Participation Goal/ Enrollment Goal		Participation Goal/ Enrollment Goal		Participation Goal/ Enrollment Goal	
2021	36,600	22%	64,949	30%	13,895	29%
2022	45,600	28%	86,599	40%	16,237	33%
2023	55,600	34%	108,249	50%	18,579	37%

²¹² Decision 18-08-013 on Pacific Gas and Electric Company's Proposed Rate Designs and Related Issues.

²¹³ Decision 18-11-027 on Southern California Edison Company's Proposed Rate Designs and Related Issues.

²¹⁴ Decision 19-06-022, Attachment A, 31.

²¹⁵ SDG&E Application, SN-FERA- 4.

2024	64,600	39%	129,898	60%	20,921	42%
2025	73,600	45%	140,723	65%	23,263	46%
2026	82,600	50%	151,548	70%	25,602	50%

5.1.2. PG&E Proposal

50 percent Enrollment Goal by 2026: PG&E states that it will be difficult to achieve a 50 percent enrollment rate by 2023 and expects to achieve 50 percent FERA enrollment by 2026. As of the filing date of their application, PG&E's FERA participation rate was 13 percent or just over 21,000 customers.

Consolidating FERA with the Low Income Proceeding: PG&E proposes to include the FERA program compliance target in its income qualified programs cycle application and remove it from its GRC.²¹⁶

5.1.3. SCE Proposal

50 percent Enrollment Goal by 2023: SCE aims to reach the 50 percent enrollment target and estimates that it will reach that by 2023 and up to 70 percent by 2026.²¹⁷ SCE states that a barrier unique to FERA is that because both CARE and FERA use the same enrollment form, SCE suspects that more customers will opt to enroll in CARE over FERA even when a customer may only qualify for FERA.²¹⁸ SCE estimates its current FERA enrollment rate to be approximately 10 percent as of the submission of these applications.

²¹⁶ PG&E Prepared Testimony, II-64 – II-65.

²¹⁷ SCE response to Energy Division Data Request submitted on November 2, 2020 and received on November 9, 2020.

²¹⁸ SCE Prepared Testimony, III-40.

5.1.4. SDG&E Proposal

50 percent Enrollment Goal by 2026: SDG&E expects to reach the 50 percent FERA enrollment rate by 2026. As of August 2019, there were approximately 47,500 FERA-eligible customers in SDG&E's service territory, of which 20 percent are currently enrolled.²¹⁹

5.1.5. Party Positions

5.1.5.1. TURN

Consolidating FERA with the Low Income Proceeding: TURN supports moving consideration of FERA administration-related budgets and activities into the low-income proceeding but does not support considering FERA rate design and associated cost allocation issues within this proceeding, like the separation for the CARE program, where administration-related costs and activities are addressed here, while rate design is not.²²⁰ EEC

Consolidating FERA with the Low Income Proceeding: EEC supports including FERA as one of the low-income programs aligned with this proceeding.²²¹

5.1.5.2. TELACU et al.

Consolidating FERA with the Low Income Proceeding: TELACU et al. supports including FERA as one of the low-income programs aligned with this proceeding.²²²

²¹⁹ SDG&E Application, 23.

²²⁰ TURN Opening Brief, 8.

²²¹ EEC and TELACU et al. Reply Briefs, 2.

²²² *Ibid.*

5.1.6. Discussion

5.1.6.1. **50 percent Enrollment Goal: Denied for PG&E and SDG&E, Approved for SCE**

We deny PG&E and SDG&E's proposed FERA goals but approve SCE's FERA goals. We set an interim 50 percent enrollment goal for the FERA program to be reached by 2023 for all the electric IOUs, with the aim to reach 70 percent by 2026. Enrollment will be measured for each IOU as the ratio of enrolled FERA households to total eligible FERA households (as estimated by the yearly Annual CARE Eligibility Report). See Table 7 above and Attachment 1 for approved FERA participation and enrollment goals by program year.

We believe that a 50 percent enrollment goal by 2023 and a 70 percent enrollment goal by 2026 for FERA is reasonable and achievable considering that the IOUs now have dedicated outreach budgets and marketing strategies for the FERA-only program. PG&E reports in its 2019 FERA annual report that "with the launch of FERA targeted marketing campaigns in Q2, PG&E saw the monthly new enrollment volume average increase 29 percent for Q3 versus the monthly average during the first half of 2019."²²³ SDG&E reports in its 2019 FERA annual report that the Live Call Campaign to enroll prospective FERA customers led to 4,219 FERA enrollments in 2019, which was about 40 percent of the total FERA enrolled households that year. SDG&E also reports that FERA specific targeting marketing and outreach efforts like the Live Call Campaign allowed for this increase in enrollment.²²⁴ These examples from the IOU annual reports demonstrate that targeted FERA marketing can have a large impact on enrollments. With the large increase in FERA dedicated marketing and outreach

²²³ PG&E 2019 FERA Annual Report, 13.

²²⁴ SDG&E 2019 FERA Annual Report, 11-13.

budgets approved in this decision, combined with the detailed FERA-specific marketing strategies to be implemented by each IOU, the Commission feels that these goals are achievable.

Furthermore, these FERA goals align with past Commission decisions. The target of a 50 percent FERA enrollment goal by 2023 aligns with PG&E and SCE's 2018 GRC Phase 2 proceedings that instructed these utilities to aim for 50 percent FERA enrollment by 2023.^{225,226} As such, the IOUs have had several years to begin working towards the 2023 goal previously established. Additionally, in those GRC decisions, the Commission made it clear that the goal for the FERA program is to have the same enrollment rate (or subscription level) as CARE.²²⁷ While a 70 percent FERA enrollment goal is below CARE's 90 percent goal, the Commission at this time will not require the IOUs to reach 90 percent for FERA by 2026 because we recognize that we do not fully understand all the barriers and challenges to FERA participation for this specific group of customers. Although a lot of data has been collected over the years to help identify the barriers to CARE participation as well strategies on how to reach that last remaining eligible population, the same cannot be said for FERA. Until more is understood, and the IOUs start collecting data from the results of the FERA initiatives approved in this decision, we will not at this time require a 90 percent enrollment goal by 2026. Instead, the FERA goal will be set at 70 percent by 2026.

²²⁵ PG&E GRC D.18-08-01, 75.

²²⁶ SCE GRC D.18-11-027, 49.

²²⁷ PG&E GRC D.18-08-013, COL 50, 173.

5.1.6.2. Consolidating FERA with the Low Income Proceeding: Approved

We approve consolidating the FERA program proceeding with the low income proceeding to achieve administrative efficiencies.²²⁸ Therefore all IOU FERA goals, budgets and program design elements will be scoped into the IOUs low income budget applications moving forward, along with the CARE and ESA programs.

5.2. FERA Enrollment and Eligibility

5.2.1. Background

To enroll into the program, current program rules allow households to self-certify that their income meets the program eligibility requirement without requiring income documentation. Once enrolled, FERA customers are required to recertify their FERA eligibility every two years. FERA customers are also subject to a random PEV process.

5.2.2. PG&E Proposal

PG&E does not propose any additional changes to the FERA enrollment process, certification processes,²²⁹ self-recertification process, or post-enrollment verification processes.²³⁰ PG&E plans to PEV one percent via random selection of all FERA customers annually.

5.2.3. SCE Proposal

SCE does not propose any changes to the FERA enrollment, recertification, self-recertification, or PEV processes.

²²⁸ PG&E Application, II-65.

²²⁹ PG&E Testimony, II-64.

²³⁰ *Ibid.*

5.2.4. SDG&E Proposal

SDG&E does not propose any changes to its current eligibility, PEV, or re-certification processes and will continue to automatically enroll FERA qualified customers who have applied for but do not qualify for CARE.²³¹

5.2.5. Party Positions

No substantive party comments were received on this topic.

5.2.6. Discussion

Although not originally proposed by the IOUs for the FERA program, we impose the following new program changes related enrollment and eligibility to increase the consistency between the CARE and FERA programs, with the goal of increasing participation in the FERA program.

5.2.6.1. Auto-Recertification of “High Probability” Households: New

Similar to what has been approved for CARE, we will require the IOUs to implement an auto-recertification process for FERA customers that mirrors the CARE auto-recertification process by no later than December 31, 2022. The IOUs are directed to implement an auto-recertification process for customers that its probability model identifies as having a high probability of being FERA eligible, where “high probability of being FERA eligible” is defined as those households that have at least an 80 percent probability of being FERA-eligible as identified by each IOUs’ probability model. This change will align with how all the IOUs will be using its probability models to reduce the burden on customers with a high likelihood of being CARE or FERA-eligible.

²³¹ SDG&E Application, 25.

5.2.6.2. High Usage (HU) PEV: New

Similar to what has been approved for CARE, we will require the IOUs to implement a HU PEV policy for FERA customers where FERA customers will be flagged for HU PEV after three instances of going over the 400 percent baseline consumption in a 12 month period. However, unlike the CARE PEV process, FERA customers flagged for high use post enrollment verification are not required to apply for the ESA program within 45 days of the high usage notice because they do not meet the income limits of the ESA program. While HU PEV data is not currently reported in the CARE monthly reports, due to the similarities in customer sector and income levels, we believe that the same weather-driven, electric high-usage consumption factors that exists for CARE households would apply to FERA households as well. Therefore, to reduce burden and attrition from the FERA program, the PEV requirement will be triggered after the household exceeds 400 percent of baseline three times in a 12-month period. Additionally, the FERA income verification requirement for HU PEV will align with CARE where HU PEV customers are able to verify their income using the documentation used in the regular PEV process, rather than requiring a transcript of IRS tax return or IRS verification of non-filing.

5.2.6.3. Auto-Enrolling Eligible Customers into FERA if Denied for CARE: New

We require the IOUs to automatically enroll all customers who apply but do not qualify for CARE, but qualify for FERA, into the FERA program, if not already currently doing so. When a customer submits income verification that does not qualify for CARE enrollment but does for FERA enrollment, we feel that the IOUs should consider that customer interested and eligible to be enrolled in an income-qualified bill discount program, and to enroll that customer in the appropriate program, FERA. This will serve to increase FERA enrollment as well

as reduce burden on customers who would normally need to submit another eligibility form for FERA.

5.3. FERA Marketing, Education, Outreach, Leveraging

5.3.1. Background

Currently, each IOU manages its own marketing, education, and outreach efforts to meet the goals set out by the Commission. In the past there has been little, if any, dedicated marketing, and outreach efforts for the FERA program. Over the past several years, FERA has been marketed alongside CARE utilizing unspent authorized CARE program management funding.²³² And as each service territory is unique, IOUs have been allowed to seek out efforts that work best for its own service areas.

5.3.2. PG&E Proposal

PG&E proposes various marketing and outreach objectives for PY 2021-2026 including increasing awareness of the FERA program and its eligibility requirements, driving enrollment of the FERA program to achieve 50 percent penetration in the program by the end of 2023, and pursuing year-over-year enrollment growth beyond 2023.²³³ To achieve these objectives, PG&E intends to expand on successful aspects of FERA marketing campaigns in 2019 and has designed a flexible marketing and leveraging approach to allow adjustments based on lessons learned and budget approvals for CARE and FERA.²³⁴ Specifically, PG&E proposes the following actions:

- Continue co-promotion of CARE and FERA via a shared application to drive customer enrollment using multi-touch direct mail and email campaigns, bill inserts, paid digital media

²³² PG&E GRC D.18-08-013, OP 16; SCE GRC 18-11-027, OP 13.

²³³ PG&E Testimony, II-69.

²³⁴ *Id* at II-69.

and targeted radio buys, zip-code targeted, home delivered printed communications such as door hangers and shared mail inserts, and online content on the PG&E website.²³⁵ This includes development and implementation of welcome communications for new FERA customers similar to the CARE Welcome Kit.²³⁶

- Refine the targeting approach for FERA qualified customers by using the CARE propensity model to identify FERA-eligible households.
- Build a FERA-specific propensity model (\$160,000), which will be tested against the current targeting method.
- Allocate media spend for standalone FERA digital campaigns using zip code analysis to identify and target low income customers in areas with likely eligible FERA population.²³⁷ This includes creating tests to compare FERA-standalone marketing effectiveness compared with co-marketing with CARE. PG&E will evaluate enrollment results from 2019 and 2020 co-marketing campaigns to identify distinctions between CARE and FERA customers and inform attributes to be included in the new FERA model.²³⁸
- Continue to focus on the Central Valley, including through targeted media efforts and expanding efforts to partner with CBOs in high FERA enrollment areas in the Central Valley. This will include in-language radio stations, online media, and mail inserts in targeted zip codes to increase traffic to events for face-to-face outreach.²³⁹
- Increase FERA customer retention efforts through 1) auto-enrollment efforts for certain customers falling into a high propensity group (using CARE propensity model and eventually

²³⁵ *Id* at II-69-70.

²³⁶ *Id* at II-77.

²³⁷ *Id* at II-72.

²³⁸ *Ibid.*

²³⁹ PG&E Testimony, II-74.

FERA propensity model)²⁴⁰ and 2) sending out recertification reminders starting 120 days out from deadline and send reminders every 30 days.²⁴¹ The new FERA propensity model will also be evaluated for use to select customers for auto-enrollment once that model has been developed and implemented.²⁴²

- Leverage public relations tactics funded through the GRC by incorporating FERA program information in existing campaigns, including incorporating FERA messaging into the existing CARE New Mover program to co-promote both programs to new movers.²⁴³
- Develop a web questionnaire to streamline online qualification confirmation for CARE and FERA, and help customers more easily determine which program they might qualify for.²⁴⁴
- Leverage the existing the contractors and CBOs already engaged in CARE enrollment and proposes a new capitation fee of \$30 for each FERA enrollment.²⁴⁵

5.3.3. SCE Proposal

SCE proposes to generally leverage best practices and lessons learned from CARE enrollment activities to help meet the 50 percent FERA enrollment target,²⁴⁶ and proposes implementing several tactical activities to drive FERA enrollment through 2026. The components of SCE's FERA marketing and outreach strategy for PYs 2021-2026 include the following efforts:²⁴⁷

²⁴⁰ *Id* at II-73.

²⁴¹ *Id* at II-72-73.

²⁴² *Id* at II-73.

²⁴³ *Id* at II-75.

²⁴⁴ *Ibid.*

²⁴⁵ PG&E Testimony, II-64.

²⁴⁶ SCE Prepared Testimony, III-22-23.

²⁴⁷ SCE Application Testimony, III-39-44.

- Promote CARE and FERA in bundled marketing materials presenting all of SCE's available programs and services.
- Target marketing efforts using data analytics to identify FERA-eligible customers that are most likely to enroll.²⁴⁸
- Implement FERA acquisition direct mail or email campaigns targeted at non-participating FERA eligible customers.
- Identify potential barriers to enrollment through customer research such as focus groups and journey mapping.²⁴⁹
- Implement a re-certification direct mail campaign to encourage customers to re-enroll and continue to receive the discount to avoid losing due to failure to recertify.²⁵⁰
- Use social media campaigns to drive enrollment.
- Prominently identify the increased FERA rate discount of 18 percent on its website and in direct-to-customer marketing and outreach.
- Clearly state on income-qualified program marketing materials that SCE does not inquire about the citizenship or legal status of customers, nor share customer information with outside groups or agencies.²⁵¹
- Unbundle the marketing of CARE and FERA, which, combined with self- certification of income eligibility may incentivize customers to apply for CARE instead of FERA due to the larger discount.
- Implement a telemarketing pilot aimed at nurturing customers who receive a FERA direct mail letter, but elect not to enroll at first, and provide individualized education regarding the FERA discount and identify other issues or concerns.²⁵²

²⁴⁸ *Id* at III-41.

²⁴⁹ *Ibid.*

²⁵⁰ SCE Prepared Testimony, III-42.

²⁵¹ *Id* at III-41.

²⁵² *Id* at III-43.

- Augment the IVR system to promote FERA to customers who call the customer support center seeking payment arrangements or payment extensions.²⁵³
- Leverage the USPS informed delivery service to include incremental CARE and FERA messaging on in-bound email to eligible and enrolled customers.
- Continue partnering with community and faith-based organizations to inform customers about FERA, and to identify barriers and objections encountered during field work that prevent enrollment.²⁵⁴

5.3.4. SDG&E Proposal

Although SDG&E will utilize marketing and outreach lessons learned from SDG&E's CARE program,²⁵⁵ SDG&E states that its 2021-2026 marketing strategy will move the program away from being a "follow up program" for customers that do not qualify for CARE toward actively promoting FERA as a targeted offer to non-qualifying CARE customers.²⁵⁶ SDG&E's new FERA marketing and outreach strategies include the following efforts:²⁵⁷

- Promote FERA as a stand-alone program to targeted households while leveraging the established ME&O tactics from the CARE program.
- Use customer segmentation and data analysis including PRIZM and Athens research data to help identify and reach the FERA eligible populations.²⁵⁸
- Leverage existing CARE partnerships to create distinct FERA campaigns that include, but are not limited to, the following

²⁵³ *Ibid.*

²⁵⁴ SCE Prepared Testimony, III-44.

²⁵⁵ SDG&E Application, 24-25.

²⁵⁶ *Id* at 26.

²⁵⁷ SDG&E Application Testimony of Sara Nordin, SN-FERA-12.

²⁵⁸ *Id* at SN-FERA-13.

tactics: Live Call Campaigns, Capitation Agencies, and messaging through SDG&E's Energy Solutions Partner network.

- Copy a CARE direct marketing effort started in 2016 to send FERA-eligible households a bill comparison that shows the household's utility bill from the last 12 months compared to the household's utility bill if the customer qualified for the FERA discount.²⁵⁹

5.3.5. Party Positions

5.3.5.1. Cal Advocates

Reasonableness of ME&O: Cal Advocates notes that FERA marketing and outreach programs and verification procedures must reasonably balance the need to serve the maximum number of eligible households with the need to verify that those enrolled in the program are eligible in a cost-effective manner.²⁶⁰

5.3.5.2. Enervee

Establishment of an Online Marketplace: Enervee recommends that the IOUs should implement strategies to ensure that low income persons have product selection options and information necessary to avoid driving up their plug-load energy use,²⁶¹ and suggests that FERA recipients are currently underserved by the current energy efficiency portfolio.²⁶² Enervee also notes that current online marketplaces used by the IOUs offer ad space that can be used to cross promote ESA programming and CARE and FERA enrollment.²⁶³ Enervee further recommends that the IOUs conduct a study to understand how CARE/FERA customers research, choose and purchase energy-using equipment;

²⁵⁹ SDG&E Application Testimony of Horace Tantom IV, ME&O-14.

²⁶⁰ Cal Advocates Joint Protest, 2-3.

²⁶¹ Enervee Response to PG&E, 3.

²⁶² *Ibid.*

²⁶³ Enervee Response to PG&E, 8.

the barriers to efficient purchases they face; and identify gaps in existing program offerings and recommendations to provide greater buying support.²⁶⁴

Discussion

5.3.5.3. General Marketing, Education and Outreach Strategies: Approved with Modifications

We generally approve the IOUs' proposed FERA ME&O strategies with exceptions and adds new efforts. We commend each IOU for its creative, and strategic approach to achieving the new penetration goals set for this program and are confident that between implementing strategies that build off of the successes of the CARE marketing and outreach efforts and leveraging relationships with the existing CARE network of CBOs and contractors, the IOUs will be able to achieve the FERA goals set out in this decision. Additionally, we encourage each IOU to partner with Regional Energy Networks and Community Choice Aggregators in their service territory to further promote FERA.

We trust that each IOU has crafted strategies that best tackle their respective service areas' challenges and therefore will not require a statewide implementation of all the marketing, education and outreach efforts being approved in this decision. However, we make note of certain strategies that we find interesting and worthwhile for other IOUs to implement if not already doing so. We also deny certain proposals and add new strategies.

5.3.5.4. PG&E's FERA Propensity Model: Denied

We deny PG&E's proposal to build a FERA-specific propensity model. PG&E's application originally budgeted the FERA propensity model at \$85,000 to be spent between PYs 2021-2026.²⁶⁵ PG&E later updated the estimate for the

²⁶⁴ Enervue Opening Briefs, 13.

²⁶⁵ PG&E Application, II-72.

FERA propensity model to be closer to \$160,000 over PYs 2021-2026 via a response to an Energy Division data request.²⁶⁶ PG&E was ordered in its 2018 GRC to “[enhance] the CARE propensity model to more precisely identify FERA-eligible customers.”²⁶⁷ Through PG&E’s Mid-Cycle Advice Letter 3990-G-B/5329-E-B, PG&E laid out how this would be accomplished by overlying filters on its CARE propensity model for household size and income that aligns with FERA program requirements. The advice letter was approved on January 4, 2019 with an approved FERA marketing and outreach budget of over \$2 million dollars between 2018 to 2020. However, the cost for updating the existing probability model to also include identifying FERA-eligible customers was not defined.

PG&E has not sufficiently justified why the current CARE propensity model cannot be built upon to include FERA customer targeting or why the previous authorized unspent CARE funds allocated for modeling updates to handle FERA customer targeting is inadequate. Therefore, we are not convinced that a FERA specific model is necessary when it appears that the current CARE model can be updated to include FERA targeting, and already has funding authorized for such updates. This request is denied.

However, PG&E may submit a Tier 2 Advice Letter to request reallocation of authorized FERA ME&O funds for this effort, if necessary. At a minimum, the advice letter should include the amount being reallocate by year from authorized FERA ME&O budgets for a FERA propensity model, not to exceed \$160,000, a comparison of the old CARE propensity model with FERA-overlay to the new

²⁶⁶ PG&E response to Energy Division Data Request submitted on September 17, 2020 and received on October 2, 2020.

²⁶⁷ D.18-08-013, 75.

FERA propensity model, a description of how the new model will improve FERA targeting and increase FERA enrollment, and a description of how the reallocated funds will be used to maintain and update the FERA propensity model.

5.3.5.5. New FERA Capitation Fee \$30: Approved

We approve establishing a capitation program for FERA similar to the CARE capitation program and approve a reimbursement rate of up to \$30 per enrollment. A reimbursement rate of up to \$30 per enrollment will align FERA with the CARE program and will provide the IOUs and CBOs with the tools they need increase their FERA enrollments. A rate of up to \$30 per enrollment is a reasonable reimbursement rate as discussed in Section 5.2.6. While not all the IOUs sought a separate FERA enrollment capitation program, or reimbursement rate, we recognize the benefits of the program and therefore, we require all the IOUs to implement a FERA capitation program at reimbursement rates of up to \$30 per FERA enrollment.

Given that CARE capitation fees have historically accounted for less than 1 percent of the IOUs authorized outreach budgets,²⁶⁸ no additional funding will be authorized as each IOU should have sufficient funding on in their existing FERA outreach budgets to fund FERA capitation fees.

5.3.5.6. SCE's FERA Telemarketing Pilot: Approved

We approve SCE' telemarketing pilot aimed at reaching out to customers who receive a FERA direct mail letter but elect not to enroll at first. This pilot would provide individualized education regarding the FERA discount and

²⁶⁸ PG&E, SCE, SDG&E and SoCalGas 2019 CARE Annual Reports, CARE-Table 7 and CARE-Table 1.

identify other issues or concerns and would lead to more enrollments at a relatively low cost of an average budget of \$21,000 a year.²⁶⁹

5.3.5.7. Online Marketplace: Denied

See Section 4.3.8.3.

5.4. FERA Budgets

5.4.1. Background

The FERA budget is made up of two components 1) the FERA subsidy, or discount provided to the customers, and 2) the program management, or administrative costs to implement the program. The program management budget includes categories such as outreach, processing, certification, recertification, IT programming, measurement and evaluation, regulatory compliance, general administration, and Commission Energy Division support. FERA program management expenses are based on estimates and are adjusted annually. The below table summarizes the IOUs' proposed FERA Budgets.

Table 8: Proposed FERA Budgets, PYs 2021-2026

IOU	Proposed FERA Administrative Budget						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$637,450	\$695,695	\$759,765	\$830,244	\$907,766	\$993,040	\$4,823,960
PG&E	\$2,503,700	\$2,802,400	\$2,867,400	\$2,937,000	\$3,005,900	\$3,076,800	\$17,193,200
SDG&E	\$594,574	\$703,150	\$612,393	\$621,815	\$630,578	\$640,368	\$3,802,878
Total	\$3,735,724	\$4,201,245	\$4,239,558	\$4,389,059	\$4,544,244	\$4,710,208	\$25,820,038
IOU	Proposed FERA Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$21,014,914	\$28,746,536	\$37,353,692	\$46,164,249	\$51,506,652	\$57,127,419	\$241,913,462
PG&E	\$10,353,000	\$12,898,000	\$15,727,000	\$18,273,000	\$20,819,000	\$23,364,000	\$101,434,000
SDG&E	\$2,989,008	\$3,431,175	\$3,881,387	\$4,444,713	\$4,912,466	\$5,388,762	\$25,047,511
Total	\$34,356,922	\$45,075,711	\$56,962,079	\$68,881,962	\$77,238,118	\$85,880,181	\$368,394,973
IOU	Proposed FERA Administrative Budget and Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$21,652,364	\$29,442,231	\$38,113,457	\$46,994,493	\$52,414,418	\$58,120,459	\$246,737,422
PG&E	\$12,856,700	\$15,700,400	\$18,594,400	\$21,210,000	\$23,824,900	\$26,440,800	\$118,627,200
SDG&E	\$3,583,582	\$4,134,325	\$4,493,780	\$5,066,528	\$5,543,044	\$6,029,130	\$28,850,389
Total	\$38,092,646	\$49,276,956	\$61,201,637	\$73,271,021	\$81,782,362	\$90,590,389	\$394,215,011

²⁶⁹ SCE Application, 45.

5.4.2. PG&E Proposal

PG&E proposes a total FERA budget of \$118.6 million for PYs 2021-2026, averaging \$19.7 million each year.²⁷⁰

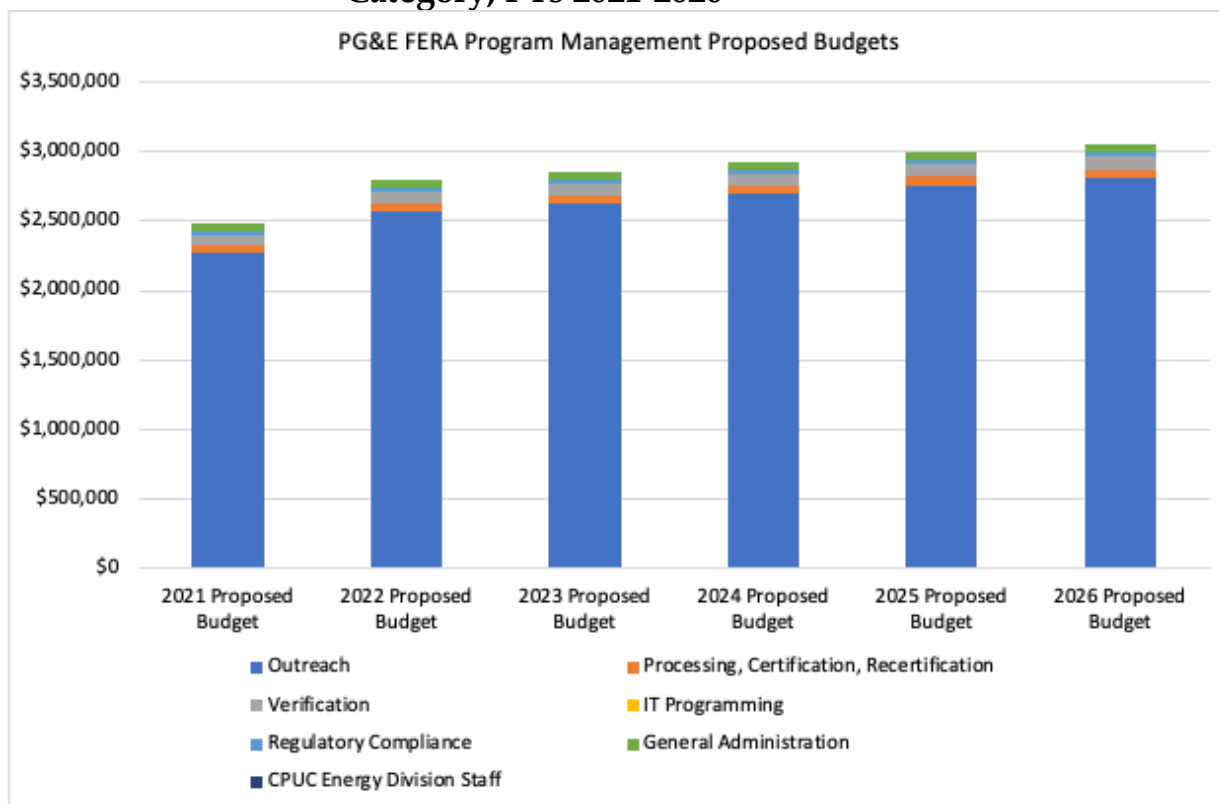
FERA Subsidy Budget: The FERA subsidy totals \$101.4 million (85.5 percent of total FERA budget), with estimated participation ranging from 37,000 households in 2021 to 83,000 households in 2026.

FERA Program Management Budget: The FERA program management budget totals \$17.2 million, (14.5 percent of total FERA budget). The largest allocation is for marketing and outreach efforts (\$15.8 million for FERA marketing and outreach for 2021-2026), which includes the build of the FERA propensity model.²⁷¹ The below chart summarizes PG&E's program management budget request by category and by year.

²⁷⁰ PG&E Testimony, II-61-62.

²⁷¹ *Id* at II-72.

Chart 5: PG&E's Proposed FERA Program Management Budget by Category, PYs 2021-2026



FERA Applications to be Included with CARE and ESA Applications:

PG&E requests that FERA program funding be included in the low income program cycle applications for PYs 2021-2026 and beyond and states that this will create administrative efficiencies moving forward and prevent issues regarding one program being litigated in multiple proceedings.²⁷²

FERA Balancing Account: PG&E proposes recording the marketing costs associated with the FERA program into the FERA balancing account, instead of in the CARE account as currently recorded.²⁷³

²⁷² PG&E Application, 12.

²⁷³ PG&E Testimony, II-66.

5.4.3. SCE Proposal

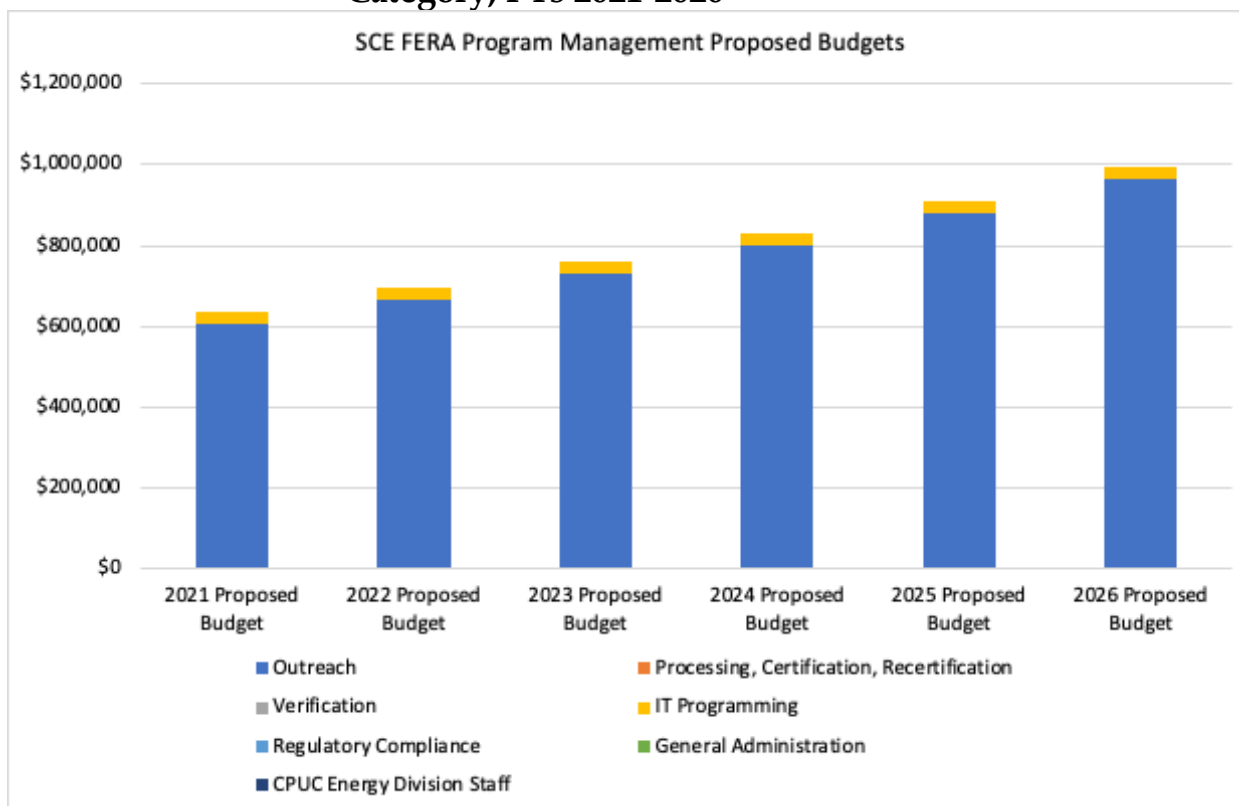
SCE proposes a total FERA budget of \$246.7 million for PYs 2021-2026, averaging \$41.2 million each year.

FERA Subsidy Budget: The FERA subsidy totals \$241.9 million (98 percent of total FERA budget), with estimated participation ranging from 65,000 households in 2021 to 152,000 households in 2026.

FERA Program Management Budget: The FERA program management budget totals \$4.8 million, (2 percent of total FERA budget). The largest program management cost is outreach, with 96 percent of the program management budget. SCE only included outreach and IT programming costs in its FERA administrative budget, while all other administrative categories for FERA were incorporated into its CARE budget.²⁷⁴ The below chart summarizes SCE's program management budget request by category and by year.

²⁷⁴ SCE Application Testimony, III-45.

Chart 6: SCE's Proposed FERA Program Management Budget by Category, PYs 2021-2026



5.4.4. SDG&E Proposal

SDG&E proposes a total FERA budget of \$28.8 million for PYs 2021-2026, averaging \$4.8 million each year.²⁷⁵

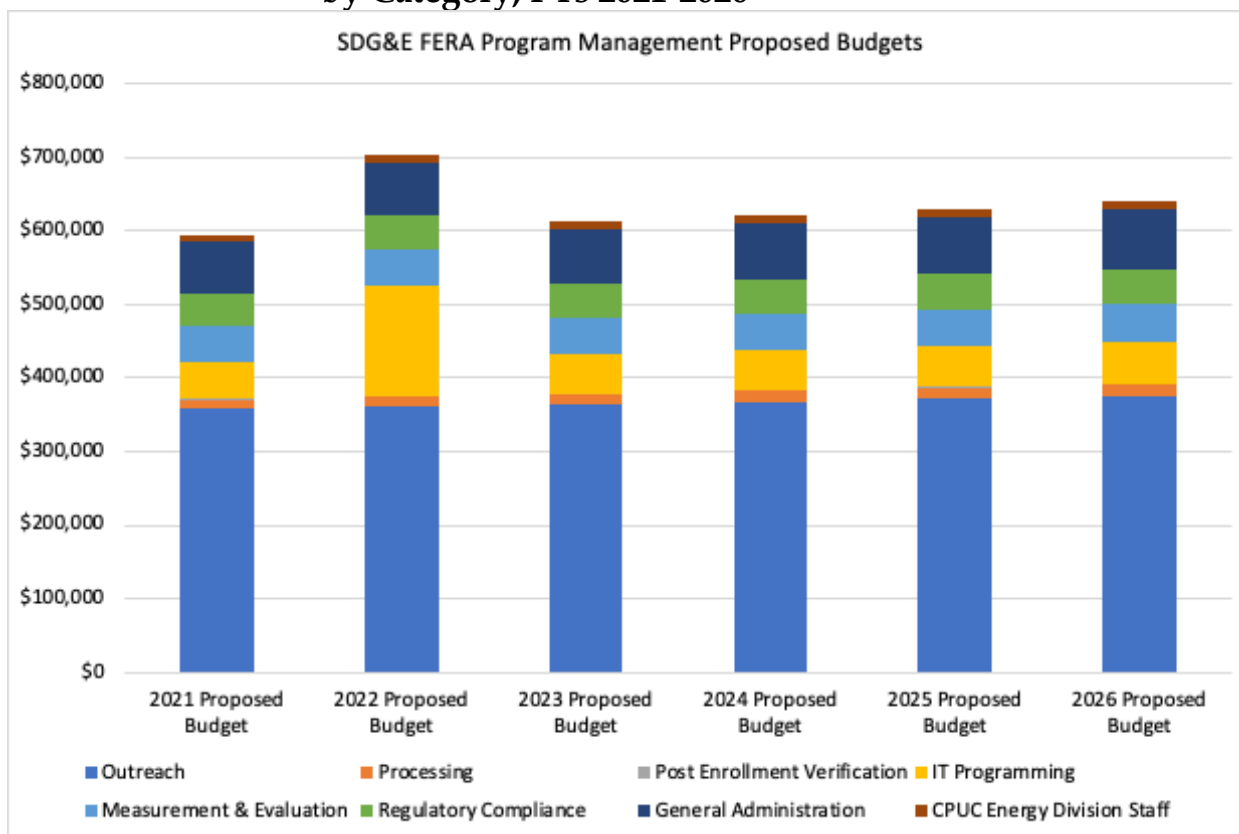
FERA Subsidy Budget: The FERA subsidy totals \$25 million (87 percent of total FERA budget), with estimated participation ranging from 14,000 households in 2021 to 26,000 households in 2026.

FERA Program Management Budget: The FERA program management budget totals \$3.8 million, (13 percent of total FERA budget). The largest program management cost is outreach, with 58 percent of the program management budget, followed by general administration and IT programming

²⁷⁵ SDG&E CARE Application, Attachment B, Table "D-1 CARE Budget."

with 12 percent and 11 percent of the program management budget, respectively. The below chart summarizes SDG&E's program management budget request by category and by year.

Chart 7: SDG&E's Proposed FERA Program Management Budget by Category, PYs 2021-2026



FERA Balancing Account: SDG&E is proposing to stop recording FERA administrative costs in its Baseline Balancing Account (BBA) and begin recording these costs in its FERA balancing account for recovery. Currently FERA administrative costs are being recorded in the FERA subaccount within the BBA pursuant to D.04-02-057.²⁷⁶ SDG&E also proposes to eliminate the FERA subaccount in the BBA.²⁷⁷

²⁷⁶ Decision 04-02-057, OP 6.

²⁷⁷ SDG&E Application, 24.

5.4.5. Party Positions

No substantive party comments were received on this topic.

5.4.6. Discussion

5.4.6.1. FERA Subsidy Budgets: Approved

The Commission approves the IOUs' proposed FERA subsidy budgets. On average, the annual FERA discount is expected to be \$281 per household based on IOU projections. Given the new FERA goals established by this decision, subsidies may increase if FERA penetration reaches the 50 and 70 percent goals by 2023 and 2026 respectively.

5.4.6.2. FERA Program Management Budgets: Approved with Modifications

We approve the IOUs' proposed FERA program management budgets, except for PG&E's request for a new FERA propensity model (*see* Section 6.3. discussion). We also note that although we approve SCE's program management budget, we understand that this funding level does not accurately reflect SCE's full FERA program management costs since SCE did not separate out all its FERA program management costs from the CARE proposed budgets in its application (except for outreach and IT programming). This leaves SCE's CARE program management budget over authorized and SCE's FERA program management budget under authorized. Therefore, SCE shall file a Tier 1 Advice letter within 30 days after the approval of this decision, separating out the approved FERA program management costs from the approved CARE program management costs and provide new and separate budget tables for CARE and FERA. The new CARE and FERA budget tables in the advice letter shall not exceed what is being authorized in this decision for CARE and FERA program management costs combined.

The table below shows the total approved FERA budgets. Again, we note that the below approved budget for SCE's FERA program management costs will be adjusted via a Tier 1 advice letter to accurately reflect FERA expenses.

Table 9: Approved FERA Budgets, PYs 2021-2026

IOU	Approved FERA Program Management Budget						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$637,450	\$695,695	\$759,765	\$830,244	\$907,766	\$993,040	\$4,823,960
PG&E	\$2,484,700	\$2,794,400	\$2,846,400	\$2,929,000	\$2,997,900	\$3,055,800	\$17,108,200
SDG&E	\$594,574	\$703,150	\$612,393	\$621,815	\$630,578	\$640,368	\$3,802,878
Total	\$3,716,724	\$4,193,245	\$4,218,558	\$4,381,059	\$4,536,244	\$4,689,208	\$25,735,038
IOU	Approved FERA Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$21,014,914	\$28,746,536	\$37,353,692	\$46,164,249	\$51,506,652	\$57,127,419	\$241,913,462
PG&E	\$10,353,000	\$12,898,000	\$15,727,000	\$18,273,000	\$20,819,000	\$23,364,000	\$101,434,000
SDG&E	\$2,989,008	\$3,431,175	\$3,881,387	\$4,444,713	\$4,912,466	\$5,388,762	\$25,047,511
Total	\$34,356,922	\$45,075,711	\$56,962,079	\$68,881,962	\$77,238,118	\$85,880,181	\$368,394,973
IOU	Approved FERA Program Management Budget and Subsidies						
	2021	2022	2023	2024	2025	2026	Total
SCE	\$21,652,364	\$29,442,231	\$38,113,457	\$46,994,493	\$52,414,418	\$58,120,459	\$246,737,422
PG&E	\$12,837,700	\$15,692,400	\$18,573,400	\$21,202,000	\$23,816,900	\$26,419,800	\$118,542,200
SDG&E	\$3,583,582	\$4,134,325	\$4,493,780	\$5,066,528	\$5,543,044	\$6,029,130	\$28,850,389
Total	\$38,073,646	\$49,268,956	\$61,180,637	\$73,263,021	\$81,774,362	\$90,569,389	\$394,130,011

5.4.6.3. FERA Applications to be Included with CARE and ESA Applications: Approved

We approve PG&E's request to include FERA program funding and requests in the low income program cycle applications, and agree that including FERA, CARE and ESA together in the same proceeding will be more efficient and effective in addressing low income issues. We require this change to be implemented for SCE and SDG&E as well.

5.4.6.4. FERA Balancing Account: Approved with Modifications

Given that FERA will be included within the CARE and ESA low income proceeding, and that this decision authorizes separate FERA funding and FERA

specific efforts, it is important to accurately track FERA spending in relation to program goals to gauge efficacy of IOU marketing and outreach tactics.

Therefore, we approve PG&E and SCE's proposal to track FERA-only costs in the FERA balancing account but go further to require that all FERA related costs be tracked in the FERA balancing account. The same requirements will apply to SDG&E's already existent FERA Balancing Account.

We recognize that FERA is often co-marketed with CARE and has historically been tracked in the CARE balancing account when FERA should be sharing in these CARE administrative expenses. It is also important to separate out these costs to avoid using CARE funds for FERA efforts. Therefore, we require the IOUs to begin tracking all FERA related costs into its respective FERA balancing account. For those costs spent on joint FERA, CARE, or ESA related efforts, the costs shall be split between the programs as has been done with joint CARE and ESA efforts at the appropriate level determined by the IOUs.

The Commission recognizes that SCE's FERA balancing account was closed prior to December 31, 2009.²⁷⁸ This decision directs SCE to reestablish a FERA balancing account and to record all FERA-related expenses as described above. SCE's FERA balancing account must be established within six months from the issuance of this decision. Further, as described above, SCE is required to separate out its FERA related administrative budgets from the CARE administrative budgets and record them separately. Lastly, we approve SDG&E's request to eliminate the FERA subaccount in the BBA.

²⁷⁸ Decision 08-11-031.

6. ESA Program

6.1. 2020 Statutory Goal and Completion of “First Touches”

6.1.1. 2020 Statutory Goal

The Commission adopted a “programmatically initiative” in D.07-12-051 to “provide all eligible customers the opportunity to participate in LIEE²⁷⁹ programs and to offer those who wish to participate all cost effective energy efficiency measures in their residences by 2020.”²⁸⁰ Accordingly, the Commission’s California Long-Term Energy Efficiency Strategic Plan then set an aspirational goal to treat all of the eligible and willing low income homes by 2020.²⁸¹ This goal was later codified into Pub. Util. Code Section 382(e) which requires that:

“The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures. The commission and electrical corporations and gas corporations shall make all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs and to obtain additional federal funding to support actions undertaken pursuant to this subdivision.

These programs shall be designed to provide long-term reductions in energy consumption at the dwelling unit based on an audit or assessment of the dwelling unit, and may include improved insulation, energy efficient appliances, measures that utilize solar energy, and other improvements to the physical structure.”

²⁷⁹ The ESA program was previously named the Low-Income Energy Efficiency (LIEE) program.

²⁸⁰ D.07-12-051, 28-29.

²⁸¹ D.12-08-044, 18-20.

All past decisions authorizing funding for the ESA program have therefore adopted annual household treatment goals by IOU service areas that would work towards the 2020 goal, with the IOUs providing monthly and annual reports of progress being made. Collectively, the IOUs were largely on track to meet the goal of treating all eligible and willing households by the end of 2020.²⁸²

6.1.2. Impacts from COVID-19 on the 2020 Statutory Goal

On March 4, 2020, Governor Newsom declared a state of emergency related to the COVID-19 pandemic. On March 19, 2020, Governor Newsom ordered all residents to heed state public health directives, including the order for all individuals living in the state to stay home or at their place of residence except as needed to maintain continuity of operations at the federal critical infrastructure sectors. To comply with this order, the IOUs halted all in-person ESA program activities through May 31, 2020. On June 1, 2020, the IOUs resumed ESA program activity with protections in place to protect both the program contractors and households. Activities shifted to online where possible, including allowing virtual enrollment into the ESA program. Although the ESA program was resumed, the IOUs stated that enrollment was slowed due to a variety of factors including continued hesitation on the customers' end to allow in person visits and mobilization of the contractor workforce. Due to these unfortunate and unforeseen challenges, not all the IOUs were able to meet the 2020 goals; however only SCE and SoCalGas fell short. As of December 31, 2020, PG&E achieved 100 percent of its 2020 goal, SCE achieved 96 percent of its 2020

²⁸² Based on the IOUs' 2019 Annual Reports, and December 2020 monthly reports.

goal, SoCalGas achieved 85 percent of its 2020 goal, and SDG&E achieved 100 percent of its 2020 goal.²⁸³

6.2. Energy Division Staff’s Proposed ESA Design & Goals

6.2.1. Background

In anticipation of the IOUs meeting the 2020 statutory goal, and with most low income homes having been “touched” by the program, Energy Division staff proposed a new post 2020 design and delivery concept (Staff Proposal) that would shift the focus of the ESA program away from a program treating a number of households, to one focusing on deeper savings and coordination across multiple clean energy programs.²⁸⁴ The Staff Proposal would replace the existing portfolio level energy savings targets with an average household-level energy savings goal, which would be increased by at least 5 percent each year compared to the previous year over the course of the 2021-2026 program cycle. The Staff Proposal would also require the IOUs to increase coordination of ESA with other clean energy programs to achieve such energy savings goals and develop a universal application system (UAS).

Guiding Principles: The guiding principles used to create the Staff Proposal include:

²⁸³ The denominator used to calculate whether the IOUs achieved their 2020 ESA household treatment goal used the 2018 Athens Report of eligible households, escalated it by 1 percent over two years to create a 2020 estimate of eligible ESA households. Next, it subtracted out previous first-time ESA treatments from 2002-2017, previous LIHEAP treatments from 2002-2017 and projected 2018-2020 LIHEAP treatments, and then multiplied this remaining population by a 60 percent Willingness-To-Participate factor to arrive at a total remaining first-time household treatment goals that the IOUs had to treat between 2018 and 2020. The numerator is based on the IOUs 2019 Annual Reports and December 2020 monthly reports.

²⁸⁴ Ruling seeking comments on staff proposal issued June 25, 2020 under Application Proceeding A.19-11-003.

- Parity - All eligible households would receive treatment over the coming decades with prioritization to those with the most immediate need.
- Equity - The ownership status of the home is taken into consideration, and how to increase program participation opportunities to renters and whether landlord co-investment is reasonable.
- Stabilization - An increase in the households' ability to purchase and utilize energy for their health, comfort, and safety.
- Quality - A shift in focus to capturing meaningful, deeper savings for low income households. This means spending more on fewer households, but dramatically increasing the impact of the treatment.
- Customer-centric - A seamless low income program delivery for the recipient with the ability to apply for multiple programs with one application, which can increase household energy savings and reduce hardship, and lead to greater satisfaction.
- Optimization - Reduction in program administration, duplicative costs, and burdens to ratepayers. Maximize total funding to go towards program measures that save energy and reduce ESA-household hardship and/or reduce ratepayer collection.

Proposed Goals/Outcomes: The following goals were proposed to help guide the ESA program away from a “number of households treated” paradigm centered on basic weatherization treatments towards a design focused on quality and depth of treatments.

Deeper Energy Savings: Based on resource measures, the average treated household energy savings (*e.g.*, kWh/household and therms/household) across the ESA program would increase at least 5 percent²⁸⁵ year over year for each IOU service territory.

²⁸⁵ This increase is consistent with D.16-11-022, OP 6, 446, which set targets based on a 5 percent increase in yearly energy savings.

Better Coordination with Clean Energy Programs: Maximize ESA household participation and coordination in other clean energy programs that will reduce hardship at the household level, either by decreasing energy consumption or increasing health, comfort and safety based on preset metrics. The goal will include identifying other clean energy programs besides ESA and CARE/FERA that a household is eligible to apply for and provide support to the household to facilitate that application.

Development of a UAS: In conjunction with increasing coordination among programs and meeting the above goals, the IOUs will build a universal low income customer application system, starting with the CARE/FERA and ESA programs, that allows for multiple registration pathways (online, in-person, or by phone, text, or email by owner, building manager/owner on behalf of tenants, or by tenants) and capabilities for sharing application information and related energy usage information with program partners, such as other clean energy program administrators and implementers.²⁸⁶ This system would allow for a customer to complete one application for multiple programs and allow co-funding and coordination among various programs.²⁸⁷

Proposed 4 Step Delivery Model: The Staff Proposal provides four steps to meeting the above goals with each step designed to meet each household's specific needs, while moving towards energy stability, or, in other words, the ability for each household to use energy for their health, comfort, and safety.

²⁸⁶ Public Utilities Code Section 382(e) directs electrical corporations and gas corporations to make all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs.

²⁸⁷ Pacific Gas and Electric worked with Sonoma Clean Power and Bay Area Air Quality Management District to build a single application for a joint program, the Advanced Energy Rebuild Program, where each contributed financially as well (program website is <https://sonomacleanpower.org/programs/advanced-energy-rebuild>).

Step 1: Customer Segmentation: Each ESA household will have a dynamic customer profile created to provide cost-effective ESA measures that reduce energy consumption and bills. A dynamic profile combines customer details, vulnerable designations, and past participation or eligibility in other low income programs. These profiles should be sharable by the IOUs as there are shared territories and customers, especially between SCE and SoCalGas. The purpose of this segmentation is not only to identify which customers in IOU service territories might benefit from different tiers of ESA treatment, but also to prioritize marketing, outreach and coordination to the customers that are in most need of deep energy saving retrofits as well as customers that should be prioritized for certain health, comfort, and safety measures. By expanding the customer segmentation practices that the IOUs use in the current ESA program and making it a primary focus of the new ESA program structure, the program will better position itself to tailor measure offerings that will both maximize energy savings and opportunities for health, comfort, and safety measures, prioritize populations that would receive the greatest benefit from these treatments, and identify coordination with other programs.

Step 2: Designing a UAS: To be more customer-centric and optimize future program funds, low income households, or landlords, building owners, or property managers will access all available programs through a single application portal. A UAS will allow a potential ESA household to easily apply for multiple programs with one application, thus reducing administrative costs across multiple ratepayer funded programs and even connecting across agencies. The IOUs would work with other program managers to consider open data standards to facilitate data sharing to support development of a UAS. The IOUs and Energy Division would lead a year-long development process to

identify the requirements for a UAS for low income customers. Following the development process, the IOUs should submit an advice letter for at least two different system scenarios and budget requests for the CPUC's consideration. As current program coordination efforts rely on manual efforts by IOU staff and others, having a tool to automate information sharing will fill a gap. And as it will take time to build the UAS, achievement of Goals 1 and 2 (deeper energy savings and better coordination with clean energy programs, respectively) can still be attained following these steps.

Step 3: Three Tiered approach to ESA treatments: After the IOUs create segmentation profiles for each customer, Staff proposes three treatment tiers to meet an increasing average household energy savings goal. The intent of this tiered approach is to focus on a more strategic (Tier 2) and advanced (Tier 3) energy savings treatments, while retaining basic measures that are beneficial to new ESA households and are required by the Pub. Util. Code if the Commission determines that a significant need for those services exists in the IOUs' service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low income households. The customer profile discussed above will help determine the most cost-effective measure mix to meet the household's needs with Tier 1 offering basic treatments, Tier 2 offering more strategic treatments focused on equipment and appliance replacements and load shifting technologies that reduce annual energy usage by 5 to 15 percent, as compared to the existing baseline, and Tier 3 offering the most advanced treatments that would achieve a 15 to 50 percent reduction in annual energy usage, as compared to the existing baseline.

Step 4: Program Coordination: The Staff Proposal lists various coordination opportunities including but not limited to solar installation programs, CSD's low

income assistance programs, SGIP, IOU and/or 3rd party demand response programs, transportation electrification-related programs and the development of microgrids, particularly at multifamily properties and mobile home parks.

Proposed Measures: Rather than propose specific measures, the Staff Proposal suggests that the customer profile discussed above will determine the most cost-effective measure mix to meet the household's needs. The general idea would be for the Tier 1 package to offer basic measures. , The Tier 2 package to offer basic measures in addition to certain equipment and appliance replacements and load shifting technologies that would reduce annual energy usage by 5 to 15 percent, and the Tier 3 package to offer the more advanced, and likely more expensive measures that would achieve a 15 to 50 percent reduction in annual energy usage.

Proposed Cost Effectiveness: The Staff Proposal does not set a specific cost effectiveness threshold for the new design. The impact to ESA program cost effectiveness from adding measures with deeper savings to deliver much greater benefit to customers on a per household basis is unknown at this stage. The program cost effectiveness would likely be the same as or less than the existing design.

6.2.2. Party Comments

6.2.2.1. PG&E

Does not Support, Additional Data Requirements: PG&E claims that additional data and analysis are required to determine the feasibility of the Staff Proposal's energy saving goals, and that a clear vision and implementation strategy on equity and HCS needs to be defined before implementing the Staff Proposal on a broad scale. PG&E states that in the instance the Staff Proposal is adopted, it should be limited as a pilot so that stakeholders can evaluate results

before deciding on implementation in future program cycles.²⁸⁸ PG&E states that it would also consider electrification measures as part of the Staff Proposal.²⁸⁹

6.2.2.2. SCE

Does not Support, Additional Data Requirements: SCE raises concerns that additional in-depth analysis is needed to fully analyze the Staff Proposal, and therefore recommends that the Commission adopt SCE's proposed ESA program design which also focuses on deeper energy savings. Specifically, SCE does not support the 5-15 percent energy savings goals, recommends soft targets for program cost-effectiveness, and states several barriers and critical inputs to the proposed UAS that should be considered. SCE supports the use of electrification measures from its Building Electrification pilot.²⁹⁰

6.2.2.3. SoCalGas

Does not Support, Additional Data Requirements: SoCalGas disagrees with the Staff Proposal's assertion that the IOU applications mostly continue the same paradigm of the existing program and states that its application represents a radical change that puts the customer in control of their participation, utilizes its Advanced Meter Infrastructure to better target program measures to the customers who can benefit most, and optimizes measures offered based on needs and energy savings opportunities. SoCalGas notes that its ESA proposal already contains many ideas present in the Staff Proposal which also conforms to the guidance set out in D.19-06-022, whereas the Staff Proposal lacks a household hardship reduction indicator, as well as a portfolio energy savings goal. SoCalGas does not support setting energy savings goals by tier

²⁸⁸ PG&E Comments on June 25, 2020 ALJ Ruling, 4-6.

²⁸⁹ *Id* at 16.

²⁹⁰ SCE Comments on June 25, 2020 ALJ Ruling, 13.

(they should remain as guidelines), or the 5 percent minimum annual increase in savings. Lastly, SoCalGas notes that the UAS as proposed would be complex and costly.²⁹¹

6.2.2.4. SDG&E

Does not Support, Additional Data Requirements: SDG&E states that its proposed design is similar to the Staff Proposal, but that additional time is needed to properly consider and analyze certain elements of the Staff Proposal including achievability of the 5 percent year-over-year energy savings goal, accounting for and ensuring customers continue to receive HCS measures, impact to ESA contractors and customers, cost-effectiveness, and any other potential unintended consequences.²⁹² SDG&E also states that the Staff Proposal goals are not realistically achievable in its service area based on historic program results and its moderate climate, that any goals set should remain as guidelines, and that it does not support a separate equity measures goal.²⁹³

6.2.2.5. MCE

Does Not Support, Proposes Modifications: MCE does not support prioritizing customer segments for the Staff Proposal's treatment tiers, and instead recommends prioritizing certain customer segments for marketing and outreach. MCE also recommends that the Staff Proposal's treatment tiers be used as "guideposts" where an audit would be used to identify cost effective measures to be implemented, that energy savings percentages be established as guidelines (not goals), that a GHG reduction target be adopted, and that cost effectiveness be a soft target (not a goal). MCE also supports the use of electrification

²⁹¹ SoCalGas Comments on June 25, 2020 ALJ Ruling, 2.

²⁹² SDG&E Comments on June 25, 2020 ALJ Ruling, 2-3.

²⁹³ *Id* at 11-14.

measures based on its experience with the LIFT pilot. Lastly, MCE recommends various programs that could be incorporated into a UAS should one be established.²⁹⁴

6.2.2.6. Cal Advocates

Supports, Proposes Modifications: Cal Advocates supports the Staff Proposal and recommends that the Commission adopt the proposed energy savings goals, adopt a household cost cap to contain potentially high measure costs and equitably distribute funds among eligible customers (to be developed after a reasonable mix of measures is developed), adopt a 1.0 ESACET cost-effectiveness threshold and use it to determine budgets, adopt a third-party solicitation and implementation model for ESA modeled after the mainstream energy efficiency programs, cap administrative costs at or below 10 percent of the total ESA budget, and require the provision of in-language materials for all aspects of the ESA, CARE, and FERA programs as part of the proposed UAS.²⁹⁵

6.2.2.7. CETF

Supports the UAS: CETF generally supports the concept of a UAS but notes that not all low income households are online, and for these households, the IOUs should be assisting with getting them online via referrals to the appropriate CBOs. CETF also recommends that the IOUs work with communications companies and water utilities to include their low income programs in the UAS.²⁹⁶

²⁹⁴ MCE Comments on June 25, 2020 ALJ Ruling, 2-3, 5-6.

²⁹⁵ Cal Advocates Comments on June 25, 2020 ALJ Ruling, 5-10.

²⁹⁶ CETF Comments on June 25, 2020 ALJ Ruling, 4-5.

6.2.2.8. CEDMC

Does Not Support, Proposes Modifications: CEDMC opposes the minimum 5 percent annual increase in savings goal and instead recommends prioritizing multifamily low income properties for treatment, keeping energy savings targets as guidelines only, exploring setting a metric for household bill savings, establishing a separate goal for equity measures through an allocation of budget spent, setting cost-effectiveness as a target only, and expanding the scope of eligible efficiency measures, including fuel substitution measures, to be as comprehensive as possible.²⁹⁷

6.2.2.9. CforAT

Supports, Proposes Modifications: CforAT supports giving the highest priority to medical baseline customers living in high fire risk areas and those customers identified as having a disability or a medical vulnerability around electricity, states that it “makes sense” to set a separate goal for equity measures, recommends that ESA adopt a per household cap on general home repairs (to be set based on the average cost of treatment in a particular tier not to exceed ten percent of the average cost for treatment in the tier to which the customer is assigned), cautions using energy ratepayer funds to expand access to broadband services, and does not believe that there would be substantial benefits at this time to developing a UAS.²⁹⁸

6.2.2.10. TURN

Generally Supports, Proposes Modifications, Additional Data Requirements: TURN states that the Staff Proposal requires additional analysis that should be scoped into a potential study. TURN also recommends that the

²⁹⁷ CEDMC Comments on June 25, 2020 ALJ Ruling.

²⁹⁸ CforAT Comments on June 25, 2020 ALJ Ruling.

Commission direct the IOUs to immediately develop and submit joint recommendations for a UAS, convene a working group to discuss and vet the IOUs' recommendations, and allow the working group to submit a report with its own recommendations for consideration and approval.²⁹⁹

6.2.2.11. PCF

Supports: PCF supports the Staff Proposal and recommends that it be the template for the IOU ESA program applications. PCF further states that the customer segmentation process can be coordinated with and enhanced by the affordability metrics adopted in the recent decision in R.18-07-006 and recommends including the solar plus battery backup power measure under the Tier 3 package.³⁰⁰

6.2.2.12. EEC and TELACU et al.

Does Not Support: EEC and TELACU et al. state that the Staff Proposal creates conflicting objectives within the ESA program, makes real world implementation costly and cumbersome, and is unrealistic in this era of the COVID-19 pandemic. They do not support any segmentation approach or prioritization of homes for treatment, do not agree with setting household savings goals, do not support a goal for equity measures, do not support a minimum threshold for program cost effectiveness, and do not support a UAS. They do recommend that funding and training be provided to support the expansion of licensing of existing contractors, and propose that budgets for home repairs to be managed at the contractor level and be based on overall average costs for homes served by that contractor.³⁰¹

²⁹⁹ TURN Testimony of Alice Napoleon, 53.

³⁰⁰ PCF Testimony of Bill Powers, 10-11.

³⁰¹ EEC and TELACU et al. Comments on June 25, 2020 ALJ Ruling.

6.2.2.13. Joint Parties

Supports, Proposes Modifications: The Joint Parties generally support the Staff Proposal's direction but recommend an "ideal state" where all cost-effective efficiency measures and needed HCS measures are offered in place of lists of measures by tier. They recommend designing a program that appeals to owners and renters, and supports use of a UAS for easier participation.³⁰² The Joint Parties also support the use of electrification measures for the Staff Proposal.³⁰³

6.2.2.14. La Cooperativa et al.

Does Not Support: La Cooperativa et al. does not support the Staff Proposal and instead states that ESA should be established as an "equity" program that addresses energy burden reductions and HCS.³⁰⁴

6.2.3. Discussion

6.2.3.1. Additional Data Requirements: Approved

We agree with the Staff Proposal that the ESA program should be moving away from a "number of household treatments" paradigm to one that focuses on achieving deeper energy savings, lower energy bills for low income households, and greater opportunities for participation in other clean energy programs. We also agree with the guiding principles that underpin the goals introduced in the Staff Proposal. At the same time, we acknowledge that this is a pivot from both the existing model of the ESA program and the IOU proposed models in some respects. After thorough review of party comments to the Staff Proposal, we agree with the IOUs and TURN that more analysis and data collection is needed before full implementation. Therefore, this decision will not require a full implementation of the staff proposed structure for the ESA program, but we do

³⁰² Joint Parties Comments on June 25, 2020 ALJ Ruling, 2-3.

³⁰³ *Id* at 12.

³⁰⁴ La Cooperativa et al. Testimony, 3-6.

set in motion the transition towards a more thoughtful, customer-centric delivery model beginning with a pilot of the Staff Proposal's model. The data collected through this pilot will inform the Commission on this design's effectiveness as it compares to the IOU proposed designs. In addition, we direct the IOUs to begin a more coordinated effort to ensure that eligible households are maximizing their participation in all clean energy programs. We also approve for work to begin on the UAS proposal as discussed below.

6.2.3.2. Staff Proposal Treatment Packages: Approved as a Pilot

This decision allocates approximately \$44 million for PG&E, \$19 million for SCE, \$33 million for SoCalGas and \$8 million for SDG&E to the Staff Proposal Treatment Packages pilots, which is approximately 4 percent of each IOUs' originally proposed ESA total program budget. The pilot funds will be used to implement the Staff Proposal's Tier 2 (hereafter referred to as "Pilot Plus") and Tier 3 measure packages (hereafter referred to as "Pilot Deep") within each IOUs' service territory, as modified from its original version per comments received. We expect and understand that the Pilot Plus and Pilot Deep treatments will require a greater investment per household but in return will yield deeper savings with energy savings targets expected at five percent up to fifty percent. Through this pilot, the IOUs will gather data on the feasibility of strategic measures delivery, including electrification measures, the level of investment required for such deep energy retrofits, the realized savings (energy savings and bill impacts) to the household, the long term benefits of these treatments (including non-energy benefits), and the cost effectiveness of each treatment tier.

6.2.3.3. Pilot Workshop: New

Within 120 days after the approval of this decision, the IOUs in coordination with Energy Division staff, will lead at least one workshop with stakeholders to introduce the IOUs' preliminary implementation plans for the Pilot Plus and Pilot Deep measure packages and seek stakeholder feedback. Each IOU shall file a Tier 2 advice letter no later than 90 days after the first pilot workshop detailing its pilot implementation plan which Energy Division staff will review and dispose of accordingly. This pilot shall be launched by the beginning of the third quarter of 2022. *See Attachment 2* for full guidance for the Pilot Plus and Pilot Deep program structure and advice letter requirements.

6.2.3.4. Coordinating with Clean Energy Programs: Requires Further Study

As part of Staff Proposal goal 2, to establish effective coordination efforts among low income and clean energy programs, we direct the IOUs to hold a workshop within 120 days after the approval of this decision, among the IOUs and other low income and/or clean energy program administrators (at a minimum to include ESA, CARE, FERA, SGIP, SOMAH, Arrearage Management Plan (AMP), Percentage of Income Payment Plan (PIPP), CSD low income assistance programs, DAC programs). The purpose of the workshop would be to discuss how the various program administrators can better align customer eligibility for the programs, increase referrals and enrollment across multiple programs, and increase coordination efforts. These efforts include but are not limited to data sharing, cost sharing, joint enrollment, and/or other joint agreements and/or MOUs between program administrators.

Within 30 days after the clean energy programs workshop, the IOUs shall submit a Tier 1 Advice Letter with a summary of the workshop's discussion, including a plan for how the IOUs will increase and improve referral, leveraging,

and coordination efforts, a proposed schedule across the program cycle, new metrics and reporting templates to be used in the monthly and annual reports, and other future considerations to be incorporated into the mid-cycle process.

6.2.3.5. UAS: Requires Further Study

We direct the IOUs to set up a UAS working group, as part of the overall ESA Working Group (see Section 10.2), per the recommendations of PG&E and SDG&E and direct the group to complete the following tasks and answer related questions during a year-long development process. The UAS working group is tasked with the following:

Task 1: Identify UAS Purpose and Goals

What are the options on how the ESA/CARE/FERA programs can be integrated into a single statewide application, ranging from a single website with links to the IOUs' websites to a central statewide system that stores or contains all related IOU customer information?

Program design - How can this system reflect the ESA / CARE / FERA program design for the program cycle and long term? How can the system make it easier for the IOUs to target and treat the various customer segments? Can the system help the IOUs meet the leveraging, coordination, and referrals requirements in Sections 6.2 and 6.12? How can this type of system identify the needs of each of the type of customer segments that the IOUs are planning to target and treat through ESA?

User/Customer experience - How can a UAS prioritize and improve and prioritize the overall customer experience (from outreach to intake to treatment to commissioning)?

- A. Contractor, CBO, and Agency Engagement - How can other ESA/CARE/FERA stakeholders, particularly contractors, CBOs, and other agencies administering assistance to income qualified

- customers use the system? How can they be involved in the development of a prototype or system testing?
- B. Marketing, Education and Outreach - How can this type of system reduce the IOUs' marketing, education and outreach costs? Can this system be linked with other digital communication and program information that the IOUs plan to utilize, such as co-marketing material or personalized reports?
 - C. Coordination - How can this system increase coordination between ESA / CARE / FERA and other relevant programs, in addition to providing a central application system? How can the UAS be expanded or connected with other low income and clean energy programs, including non-IOU programs, for the user experience to effectively access an integrated system? How can the IOUs ensure proper data sharing and cost sharing with other programs?

Task 2: UAS Requirements

- A. Responsible/ Accountable System Owner – What type of ownership status should the UAS have? Should the UAS owner be a single or multiple IOUs, responsible and accountable for system maintenance, or another type of entity?
- B. Data Sharing - What are the needs, process, and timeline for setting up consistent and secure data transfers and/or access between IOU data systems and a UAS used for the ESA/CARE/FERA programs?
- C. Accessibility - How can a system be accessible for the various needs of all users, including the non-English speaking, disabled, customers without broadband or a computer, seniors, etc.?
- D. Framework - If a new UAS will be recommended, what are the system requirements, including the key data inputs that would be required, to develop a system prototype?
- E. Persistence/Longevity - How can the IOUs ensure that the system can be used and maintained for the long term by all stakeholders, including the IOUs, customers, and others, including contractors, CBOs, etc.? How will the UAS incorporate long term planning?
- F. Change Management - How can the IOUs ensure alignment of the UAS with any changes to the IOUs' ESA/CARE/FERA programs, as well as

any changes to other programs that are linked to the UAS? How can the IOUs continue to ensure that the UAS leads to efficient and optimized program management, and a better customer / user experience?

Task 3: Identify Intra- and Interagency Solutions and Alternatives

- A. After identifying the UAS' purpose and goals, how can the IOUs build off the statewide multifamily central portal to develop the UAS?
- B. Can the IOUs partner with Access Clean California, which CARB is developing to provide consumers statewide with a single application for clean energy and transportation equity programs?
- C. Are there alternatives to a new IOU-led system that the working group should consider?
- D. Do these alternatives provide greater benefits and/or lower costs?

By July 1, 2022, IOUs shall submit a report to Energy Division and this proceeding's service list summarizing the working groups' progress. The report will answer the above questions and provide the working group's recommendation as to whether to continue the development of a UAS for ESA / CARE / FERA. If the report recommendation is to develop a UAS or to connect with an existing UAS effort, we direct the IOUs to file a joint advice letter requesting a fund shift from another budget category, such as ME&O, with detail on what the additional budget request will support. This will include, but is not limited to, the project scope, a system requirements specifications or similar document, a schedule, and a roadmap for full implementation of a UAS including testing at stages, or coordination and integration with an existing or similar UAS.

If there is 1) low working group participation, 2) inadequate public participation, 3) no consensus or near-consensus recommendation from the UAS Working Group, or 4) if the Energy Division believes further consideration of the options is appropriate, then Energy Division is encouraged to submit its own

resolution to the Commission for consideration of developing a new UAS or integrating with an existing UAS and the necessary budget for that purpose.

6.3. ESA Enrollment and Eligibility Requirements

6.3.1. Background

Income qualification for enrollment into the ESA program can be done in the following ways: 1) income eligibility where total household income is equal to or less than 200 percent of the FPG, adjusted for family size as set forth by the Commission; 2) categorical eligibility where customers can be automatically enrolled in ESA based on current participation in certain local, state, or federal means tested programs; 3) geographic self-certification where self-certification is permitted in certain targeted geographic areas where 80 percent of the customers are likely to be at or below current ESA program income guidelines; and 4) CARE program qualified where customers may be eligible if they have been income-qualified through the CARE PEV process. In addition to the above qualification requirements, there are several other practical requirements that must be met, including but not limited to, structural feasibility and landlord approval for renter occupied units.

6.3.2. PG&E Proposal

PG&E proposes no changes to the current income eligibility guidelines or categorical eligibility requirements. However, PG&E does propose changes to the enrollment requirements, property owner approval requirements, and self-certification.

Automatic CARE Enrollment for ESA Households: PG&E proposes a new requirement where households must self-certify or be enrolled in CARE to qualify for ESA simple measure installation and services.³⁰⁵ For those

³⁰⁵ PG&E Amended Testimony, I-122.

households that are currently not enrolled in CARE but are interested in and qualify for ESA services, the contractor will enroll the household in CARE within the same process of enrolling the household into ESA. PG&E states that this will help qualified low income customers maximize the benefits available to them while helping the CARE Program maximize penetration rates. PG&E anticipates that this change will have minimal impacts to the ESA program, as ESA Energy Specialists already inform customers that are not on CARE about automatic enrollment, as well as other ways to enroll in the rate.³⁰⁶

Self-Certification for Basic Treatment: PG&E proposes to remove the income verification requirement (allowing for self-certification) for households to receive the basic level of ESA services, stating that this change is expected to make ESA enrollment faster, easier, and less intimidating. PG&E proposes that ESA customer outreach could partner with the CARE program and enrollment would mirror the CARE approach to get the best results.³⁰⁷

Property Owner Approvals/Waivers: PG&E also proposes to waive the property owner assessment requirements for households to receive the basic level of ESA services, stating that this change is expected to make ESA enrollment faster, easier, and less intimidating.³⁰⁸

6.3.3. SCE Proposal

SCE proposes no changes to the current income eligibility guidelines, self-certification, categorical eligibility, or the income documentation processes and requirements for the ESA program.

³⁰⁶ PG&E Testimony, I-122-123.

³⁰⁷ *Id* at I-150-151.

³⁰⁸ *Ibid.*

6.3.4. SoCalGas Proposal

SoCalGas proposes no changes to the current income eligibility guidelines, property owner approval requirements or categorical eligibility requirements. However, SoCalGas does propose changes to the enrollment requirements and the self-certification.

Alternative Enrollment Option: SoCalGas proposes a new enrollment option that allows enrollment to occur outside the home, or online. SoCalGas states that this change is critical in reaching those customers less inclined to invite salespersons into their homes and will be less expensive than traditional in-person enrollment (estimating a savings of up to up to \$10M annually by phasing in online enrollments to reach as many as 65 percent of all enrollments by 2026).³⁰⁹

Self-Certification for Basic Treatment: SoCalGas proposes to allow customers to self-certify to enroll into ESA, receive energy education and receive simple measures and only require income documentation for installations beyond simple measures (which can also be performed online). SoCalGas states that this change will appeal to customers who find the income documentation process intrusive, and in some cases, receiving these measures up front may help spark the interest of a customer in going further in the process, and allow for an element of gamification of the program. Lastly, this change will support program penetration.³¹⁰

Automatic Qualification via CARE PEV: SoCalGas proposes that customers automatically qualify for ESA services following a CARE post-

³⁰⁹ Prepared Direct Testimony of Mark Aguirre and Erin Brooks, 126.

³¹⁰ *Ibid.*

enrollment verification as long as they remain on the CARE rate, without a need to re-enroll or requalify income. SoCalGas states that this change will better integrate the CARE and ESA income qualification and enrollment process and will reduce income qualification costs and burden on customer.³¹¹

6.3.5. SDG&E Proposal

SDG&E proposes no changes to the current income eligibility guidelines or categorical eligibility requirements. However, SDG&E does propose changes to the enrollment requirements, property owner approval requirements, and self-certification.

Alternative Enrollment Option: SDG&E proposes to allow for an online enrollment option (in addition to the traditional in person enrollment option through contractors or CBOs). SDG&E states that this new model will improve customer experience, increase enrollments, and lower in home enrollment cost.

Required Audits (During Enrollment): SDG&E proposes to require customers to complete an audit at the time of enrollment, preferably completed online, to help identify priority customers and reduce the need for contractors to do in-home audits.³¹² Customers would be directed to complete these audits online but will also be provided with an option for contractor support if needed. SDG&E estimates that up to 60 percent of audits could be completed online in the future delivery model, with the audits being accessible in multiple languages, mobile friendly and easy to use. SDG&E states that by collecting audit information prior to an in-home visit, SDG&E can inform contractors with this

³¹¹ *Ibid.*

³¹² SDG&E Testimony, SN-ESA 15.

information and provide a head start in the process making the initial in-home visit more efficient.³¹³

Self-Certification for Basic Treatment: SDG&E proposes to allow customers currently participating in CARE or customers in self-certification PRIZM codes to be eligible for energy conservation savings kits without the need for income documentation. SDG&E states that this change will enable SDG&E to allow customers to complete an in-home audit and enroll online. Customers not currently enrolled in CARE or not in self-certification PRIZM codes will be able to submit all necessary documentation through a secure online portal, which can be validated by a contractor prior to the visit, should a visit be warranted.³¹⁴

Property Owner Approvals/Waivers: SDG&E proposes to extend the property owner approvals/ authorizations validation date for property owner approvals from one year to two years to provide the opportunity to go back and treat units which may not have been previously served due to scheduling issues, without delay.³¹⁵

6.3.6. Party Positions

6.3.6.1. EEC

Changing the Income Eligibility Requirements: EEC proposes changing the income eligibility limits of the ESA program arguing that using 200 percent FPG does not reflect an adequate threshold for most urban areas that have inflated housing costs and require higher labor costs.³¹⁶ EEC recommends that the income guidelines for ESA be based upon the greater of FERA FPL guidelines or

³¹³ *Id* at SN-ESA 14-16.

³¹⁴ *Id* at SN-ESA 102.

³¹⁵ *Ibid.*

³¹⁶ Energy Efficiency Council protest to PG&E, 2.

the localized measure of 80 percent of Area Median Income. At the very least, all residences within a DAC should be allowed categorical approval to receive ESA improvements.³¹⁷

Expanding Categorical Eligibility: EEC proposes that families living in DACs and in low ranked Socioeconomic Vulnerability Index (SEVI) communities categorically qualify for ESA services.³¹⁸

Property Owner Approvals/Waivers: EEC recommends removing all Property Owner Waivers (POWs), Approvals or Authorizations (POAs) claiming that they are major barriers to renter participation in the program that are counterproductive and unnecessary. EEC supports this recommendation by stating that existing law provides protection against payment obligation for owner and that many other IOU sponsored programs do not require a similar POW.³¹⁹

6.3.6.2. La Cooperativa et al.

Changing the Income Eligibility Requirements: La Cooperativa et al. proposes changing the income eligibility limits of the ESA program to better meet and match the needs of the low income population but does not specify which guidelines should be used. Instead, they propose that the IOUs be required to evaluate the eligibility guidelines with each application cycle to ensure program accessibility is in line with the economy.³²⁰

³¹⁷ Energy Efficiency Council Opening Brief, 9.

³¹⁸ EEC testimony of Allan Rago, 12.

³¹⁹ *Id* at 5.

³²⁰ La Cooperativa et al., Testimony, 4-5.

6.3.6.3. TELACU et al.

Changing the Income Eligibility Requirements: TELACU et al.

recommends that ESA income eligibility limits be re-examined since cost of living in the larger California cities is much higher than it is in other areas of the state, and that these costs are not reflected in the use of the FPG.³²¹

6.3.6.4. TURN

Automatic CARE Enrollment for ESA Households: TURN supports auto-enrolling ESA participants in the CARE program if they are not already enrolled.³²²

Changing the Income Eligibility Requirements: TURN does not support changing the general income eligibility requirements for the ESA programs at this time.³²³

6.3.6.5. Joint Parties

Changing the Income Eligibility Requirements: The Joint Parties note that unless the ESA budget is significantly increased, it is unclear how expanding the income eligibility will impact the ability to serve California's poorest households but support a thoughtful expansion where feasible. The Joint Parties also recommend that a working group could address these issues.³²⁴

³²¹ TELACU et al. Protest to IOU Applications, 4.

³²² TURN Testimony of Alice Napoleon, 48-50.

³²³ TURN Reply Brief, 11.

³²⁴ Joint Parties Reply Brief, 20-21.

6.3.7. IOU Responses

6.3.7.1. SCE

Changing the Income Eligibility Requirements: SCE notes that the income eligibility requirements are based in statute and Commission authority, and the IOU applications are not the appropriate venue to make such changes.³²⁵

Property Owner Approvals/Waivers: SCE does not support removing all Property Owner Waivers (POWs), Approvals or Authorizations (POAs) as these are needed for activities that affect the structure of the home and also as the vehicle for obtaining a co-pay from property owners for certain measures.³²⁶

6.3.7.2. SDG&E

Changing the Income Eligibility Requirements: SDG&E does not support moving income eligibility from 200 percent FPG to Area Median Income (AMI) for three reasons 1) it would cause customer confusion to have CARE income eligibility set at 200 percent FPG but ESA at AMI, 2) moving to AMI would increase the eligible population greatly in SDG&E's service territory, and 3) it would increase rates. SDG&E argues that keeping ESA at the same income eligibility as CARE makes is easier for customers to qualify for both programs, and for the utilities to enroll customers in both programs at the same time. SDG&E also conducted a preliminary analysis on the AMI in its service territory and has determined that using AMI would increase the population that would qualify for the ESA program in SDG&E's service area. SDG&E's analysis shows that with income eligibility currently set at 200 percent FPG, 22 percent of SDG&E's service area qualifies for ESA as compared to 37 percent at 60 percent AMI, 49 percent at 80 percent AMI, 50 percent at 100 percent AMI, and 59

³²⁵ SCE Amended Testimony, 17.

³²⁶ SCE Reply Brief, 11.

percent at 120 percent AMI. Moving to AMI would result in an unreasonably high potential participation rate, and an increase in rates to fund the program.³²⁷

Property Owner Approvals/Waivers: SDG&E states that POWs/POAs are required prior to installation of measures that affect the condition and/or the structure of the premise, with the exception for the installation of measures which do not impact the structure of the home, which SDG&E refers to as “simple measures.” These are also required prior to conducting audits, installing common area measures, or installing measures in-unit. SDG&E states that while it is true some rebate programs and other similar energy efficiency programs may not require POWs, it is because SDG&E (or its contractor) is not going onto the customer site to do installation work. For all programs in which SDG&E or its contractors are installing measures, a POA is required. Both the Multifamily Energy Efficiency Rebate (MFEER) program and the Middle-Income Direct Install (MIDI) programs required POAs prior to installation of measures. While SDG&E agrees that POAs/POWs have historically been a large barrier to providing tenants of multifamily properties with a larger portfolio of measure, there are reasons to continue to require such documents when work is being performed by a contractor on behalf of the SDG&E’s ESA program including: 1) POWs are necessary to verify that certain dwelling units are eligible based on the income guidelines, 2) installation work for the programs may have impacts on the building’s structure, in which case the owner of the property (as opposed to the tenant) needs to be made aware, and often must consent, to such work, 3) the POW doesn’t just protect the utility, but also the owner and the tenant because it resolves any future disputes between the owner and the tenant as to whether the

³²⁷ SDG&E Rebuttal Testimony, AK-5-7.

owner was adequately notified of the installation work and/or consented to the work. Therefore, appropriate checks and balances are necessary to ensure protection for contractors, property owners, tenants, and SDG&E.³²⁸

6.3.8. Discussion

6.3.8.1. Changing the Income Eligibility Requirements: Denied

The Commission sees value in appropriately establishing program eligibility guidelines and the importance of ensuring that all low income households are afforded the opportunity to participate in the ESA program, but we agree with the IOUs that these requirements are based in statute which cannot be modified in a Commission decision. Therefore, we deny the proposals by EEC, La Cooperativa et al. and TELACU et al. to modify the income eligibility limits of the program. We do note however that the enrollment changes made in this decision, as discussed below, do address some of the barriers raised and will ease them.

6.3.8.2. Self-Certification for Basic Treatment: Approved

We approve PG&E, SoCalGas and SDG&E's request to allow customers to self-certify that they meet the income eligibility requirement for the ESA program to receive ESA basic measures, which may include energy education (whether in person or online), LED light bulbs and smart power strips, and Energy Conservation Savings Kits. However, measures requiring modifications to dwellings, which includes grounding, such as refrigerators, portable air conditioners, and smart thermostats, are exempt from this requirement to be provided to self-certifying customers. This change will remove the burdensome

³²⁸ SDG&E Rebuttal Testimony, SN-ESA 11-12.

income documentation process, will appeal to those that still have distrust in providing their personal information, reach insecure and undocumented households, and requires little investment compared to the savings potentially achieved, especially through the education component. This process will also incentivize households to consider the more advanced measures after receiving basic measures and allows the contractors to screen for additional measures. We see advantages to this change and will require all the IOUs to allow for self-certification for its respective levels of the basic services, as well as apply it to the Multifamily Whole Building Program. We do note that as proposed, the IOUs all propose slightly different services within the “basic level,” which might be appropriate. However, to ensure that some level of consistency is achieved, the IOUs are directed to file as part of a compliance filing (see Section 6.16) which set of measures, including those provided through self-certification and those that are exempt, will be part of the “basic” offerings and therefore allowed for ESA self-certification.

6.3.8.3. Automatic CARE Enrollment for ESA Households: Approved

We approve PG&E’s request to automatically enroll customers who are participating in the ESA program into the CARE program. This automatic enrollment will require the customer’s consent, which mirrors the statutory guidance used for considering automatic enrollment of LifeLine customers into the CARE program.³²⁹ Enrolling ESA customers into the CARE program provides benefits to both programs and households, including creating a more streamlined process for the customer and the IOUs (less forms, less time, less confusion), more value provided for the customer’s time (receiving ESA

³²⁹ Public Utilities Code 739.1(e).

measures and CARE discount), and an increase in trust and credibility by closely tying the two programs together. We understand that some of the IOUs already coordinate CARE enrollments with ESA enrollments, where households not already on CARE are offered the option to enroll in CARE during the ESA assessment. We require this change to be implemented statewide by all the IOUs, if not already doing so. Further, the IOUs will support this effort for the Multifamily Whole Building programs and Pilot Plus and Pilot Deep program.

6.3.8.4. Alternative Enrollment Options: Approved

We approve SoCalGas and SDG&E's proposals to offer alternative enrollment options, either to be completed outside the home or online, and direct all the IOUs to offer these alternative enrollment options. We agree that offering alternative options to households will help address some of the long standing barriers to this program, making the enrollment process easier and more approachable. We are also convinced by the data provided by the IOUs that these alternative options will improve the customer experience, increase enrollments, and lower overall enrollment costs. To ensure that this shift to online options will remain accessible and manageable to the low income population, we will require that the IOUs make the enrollment process as user friendly as possible, available in multiple languages, and include an option to seek additional assistance during the online application process (either through offering a live-chat function, an assistance hotline, and/or an email inquiry for questions). We also reiterate that these alternative options will not replace the existing enrollment processes where households can enroll during an in-home assessment with a contractor.

**6.3.8.5. Required Audits (During Enrollment):
Approved with Modifications**

We approve SDG&E and SoCalGas's proposals to make available to customers a voluntary energy audit at the time of enrollment, preferably completed online, and direct all IOUs to offer customers the option to complete an energy audit at or before the time of enrollment. This will allow the IOU and/or contractor to gather additional customer information prior to the home visits, arrive better equipped when meeting with the customers about solutions that best meet their needs, and minimize impact and disruptions to the customer's overall experience. Additionally, we encourage the IOUs to use this audit process or initial home visit to manage expectations of customers and underscore the fact that while the ESA program may offer several types of measures, it is not a guarantee that the customer will be technically eligible to receive all the measures. The IOUs, directly, and/or through their contractors, should communicate information around these concepts of technical feasibility and the possibility of limited measure installments to customers clearly and early during the ESA enrollment process, including as early as during the audits themselves. We leave it up to the IOUs to decide the best communication channels and wording for this message and encourage the IOUs to track customer confusion and disappointment through their program satisfaction surveys, with the results shared with Energy Division at their request.

**6.3.8.6. Automatic Qualification via CARE PEV:
Denied**

We deny SoCalGas' proposal to automatically qualify those households that have completed a CARE post-enrollment verification for ESA services. CARE enrollment fluctuates, and even after a successful PEV, the customer may be able to remain on the CARE rate for another two to four years, and potentially

not be CARE eligible if there is a change in the situation from the time of the PEV. The change made in this decision to allow self-certification of households for the ESA basic measures will already work towards addressing enrollment barriers without needing to automatically qualify this group of CARE customers for ESA. Also, given that the ESA program will be moving towards one that focuses on deeper energy retrofits, and likely leading to larger investments per household treated, household income qualifications will be important. Therefore, this request is denied.

6.3.8.7. Expanding Categorical Eligibility: Denied

We deny EEC's request to categorically qualify all households living in DACs and in low ranked SEVI communities for the ESA program. The record does not support the automatic qualification of these households given the varying definitions used for ESA, DACs, and SEVI. While ESA is targeted to households at or below 200 percent FPG, DACs are defined as geographic areas burdened by environmental pollution,³³⁰ and SEVIs are defined as geographic areas adversely impacted by factors beyond income, including unemployment, education, language, and housing costs.³³¹ In addition, given the varying definitions, the record does not contain any information on the potential increase in the ESA/CARE eligible population. However, we do require the IOUs to report on activity (eligible population, energy savings, etc.) for each of these segments as part of the overall customer segmentation and targeting efforts, (see Section 6.16). In addition, we direct the IOUs to include these and the other

³³⁰ California Environmental Protection Agency, Designation of Disadvantaged Communities Pursuant to Senate Bill 535(De Leon), <https://calepa.ca.gov/wp-content/uploads/sites/6/2017/04/SB-535-Designation-Final.pdf>.

³³¹ California Public Utilities Commission, Socioeconomic Vulnerability Index Interactive Map, <https://www.cpuc.ca.gov/SEVI-2019/>.

customer segments in the planned Categorical Eligibility study to determine whether customers in these segments should automatically qualify for ESA/CARE, (*see* Section 8.11).

6.3.8.8. Property Owner Approvals/Waivers: Approved with Modifications

We approve PG&E's request to waive the POA/POW requirements for households to receive the basic level of ESA services. However, measures requiring modifications to dwellings, which includes grounding, such as refrigerators, portable air conditioners, and smart thermostats, are exempt from this requirement to be provided to self-certifying customers. We also approve SDG&E's proposal to extend the POA/POW validation date from one year to two years. We believe that these changes should ease the enrollment and treatment of renter occupied units, help the penetration rate, and likely encourage the tenants and property owners to consider more advanced treatments through ESA. We require these changes to be implemented statewide by all the IOUs, if not already doing so.

We deny EEC's recommendation to remove all POWs / POAs. We disagree with EEC's claim that these are counterproductive and unnecessary, that existing law provides sufficient protection against payment obligation for owner, and that other energy efficiency programs waive this requirement. We determine that POWs/ POAs are necessary, provide the legal protections needed for the IOUs, owners and tenants (by verifying eligibility for the program and receiving explicit consent from the owner for the work), and are commonly required by other programs including the MEER and the MIDI programs. Therefore, EEC's request is denied.

6.4. ESA Delivery Model

6.4.1. Background

Decision 16-11-022 as modified by D.17-12-009 approved and later modified ESA program designs for the IOUs through 2020. The Commission adopted and required a certain level of statewide consistency in the delivery and design of the programs, including the elimination of the go-back rule and the three measure minimum rule, a consistent approach to energy education and measure eligibility standards, (not to be confused with measure offerings), and the focus on hard to reach communities. However, the IOUs were granted variations in their designs to allow for flexibility and to recognize that each IOU designed its own ESA program delivery model that incorporates best practices, lessons learned, and what best suits their respective service areas and customer base. This resulted in IOU designs that varied in measure offerings, leveraging partnerships, and contractor bidding and selections. For PYs 2021-2026, the IOUs were asked to discuss lessons learned from the past cycles' design and delivery models, propose modifications that would garner increased energy savings and reduced hardships, identify expected accomplishments of the proposed designs, and identify the potential obstacles and recommendations to overcome the obstacles of the proposed designs.³³²

6.4.2. PG&E Proposal

PG&E's new "ESA Plus" design proposes three levels of participation options (Basic, Comprehensive, Comprehensive Plus), each offering increasing levels of education and energy saving measures dependent on income eligibility and need. PG&E also proposes a Virtual Energy Coach pilot program to help customers improve their household energy efficiency and ease their energy

³³² Decision 19-06-022, 11-12.

burden (*see* Section 8.4).³³³ PG&E states that this new strategy includes easier entry into the ESA program, new measures, more focused outreach efforts, identification of certain populations with hardship considerations, and an improved contractor/ customer journey.³³⁴

The Basic Package: This package includes a free home assessment, installation of simple measures, energy education, and quarterly load disaggregation usage profiles with customized energy savings solutions for every CARE customer, with no income verification or property owner approvals required. ESA contractors will conduct the home assessment, explain all available and feasible Comprehensive and Comprehensive Plus measures, install the simple measures, and conduct the energy education session. The contractor would also offer the household an opportunity to participate in the Virtual Energy Coach Pilot for ongoing assistance. The customer may elect, after the Basic consultation, to receive more measures at the Comprehensive and the Comprehensive Plus levels, (but would be required to produce income documentation or proof of categorical program participation and assist in obtaining the POA, if necessary). If the customer elects, the contractor will set up *one* subsequent visit for the additional measure installation, where possible.³³⁵

The Comprehensive Package (Low to Moderate Energy Users): This package will include everything in the Basic package, plus additional measures and services targeted towards low to moderate energy using households, which

³³³ PG&E Testimony, I-19.

³³⁴ *Id* at I-61.

³³⁵ *Id* at I-61.

is purposely designed to achieve savings or reduce hardship while maintaining cost effectiveness of the program.³³⁶

The Comprehensive Plus Package (Based on Need State): This package will include everything in the Comprehensive package, plus additional measures and services targeted towards customers in a particular need state (high usage, medical baseline, disconnections, DACs/Tribal/Rural Wildfire), which is purposely designed to achieve savings or reduce hardship for prioritized customer groups while maintaining cost effectiveness of the program.³³⁷

Lastly, PG&E recommends that the ESA program should shift toward a uniform criterion for all IOUs, because the IOUs all have the same type of customer data and face similar issues and challenges. ESA is a statewide program and as such, consistency across all IOUs can help with tracking and reporting out on the same data.³³⁸

6.4.3. SCE Proposal

SCE's new design offers a tiered structure (Tier 1 and Tier 2 Enhanced) focused on specific customer needs, taking into consideration customer habits, energy use, and potential bill savings for a more effective and targeted delivery.³³⁹

Tier 1 Standard Package (Low to Moderate Energy Users): The Tier 1 Standard package includes basic measures and enhanced energy education targeted towards households with low to-moderate usage profiles (households that have not exceeded 300 percent of baseline usage at least one time in the last

³³⁶ *Id* at I-71.

³³⁷ *Ibid.*

³³⁸ PG&E Testimony, I-89.

³³⁹ SCE Prepared Testimony, II-7-8.

12 month), that may not benefit from higher-cost energy efficiency measures.³⁴⁰ All income eligible single-family homeowners and renters, and customers categorically eligible may receive the Tier 1 package. SCE estimates approximately 400,000 single-family low income customers fall into this eligibility category and does not propose to establish a goal to serve all 400,000 low income but proposes to cap the number of homes at the number that can be served within SCE's annual budget allocation. During the initial visit, the assessor will install the basic measures and identify additional eligible and feasible measures for which the household may need (to be installed at a follow up appointment as needed). When feasible, SCE will also provide the assessor a home energy report for the household before the assessment to identify specifically what is driving their electricity usage and how the household's usage compares to their baseline allocation. If available, this information will be shared with the household to educate them on behavioral ways to achieve greater energy savings. SCE will also inform the assessor before the household visit whether the household is considered a high energy user eligible for Tier 2 Enhanced measures so the assessor can assess whether these additional measures would be appropriate and/or feasible to install during the first visit.³⁴¹

Tier 2 Enhanced Package (High Energy Users): The Tier 2 Enhanced package offers all Tier 1 measures, plus additional enhanced measures that will provide more opportunities to reduce usage at more significant resource levels, an opportunity to participate in additional savings programs such as the Summer Discount Plan or Smart Energy Program, and an opportunity to receive

³⁴⁰ *Id* at II-30.

³⁴¹ *Id* at II-30-35.

a new bill credit if it conserves energy. The Tier 2 Enhanced package is targeted towards households with high usage,³⁴² where “high usage” is defined as those whose energy use exceeds 300 percent of the baseline allowance at least once over a rolling 12-month period.³⁴³ SCE estimates that approximately 200,000 households fall into this category. Assessments for eligibility for Tier 2 measures will take place during the first Tier 1 visit. Then, at the time of installation of the Tier 2 measures, the installer will check that the household remains eligible for the Tier 2 measures identified during the initial assessment to ensure that the household has not replaced or upgraded an appliance or system between the time of the initial Tier 1 assessment and the Tier 2 installation. Because Tier 2 measures are generally more expensive, the installer will take photographic proof of the old measures being replaced to ensure compliance is maintained regarding program rules, which will be stored in a data warehouse that can be referenced should any concerns or disputes about ESA program installation compliance arise.³⁴⁴ SCE claims that this delivery model will provide opportunities to reduce high usage at more significant resource levels, increase cost effectiveness of the portfolio, and warrants the use of more expensive measures with longer financial payback periods.³⁴⁵

³⁴² *Id* at II-35.

³⁴³ *Ibid.*

³⁴⁴ SCE Prepared Testimony, II-34-37.

³⁴⁵ *Id* at II-36.

6.4.4. SoCalGas Proposal

SoCalGas proposes to “uberize” the ESA program through a new technology platform to enhance customer experience and contractor accountability. This new design includes:³⁴⁶

Online Enrollment, Energy Education and Income Documentation:

SoCalGas proposes online options for the enrollment, energy education, and income documentation phases of the ESA program. SoCalGas states that the online enrollment option provides a channel that is less intrusive, more appealing to some customers, and will be less expensive than traditional in-person options. Similarly, the online energy education option will appeal to an otherwise difficult segment to reach, support the program’s penetration goals, and offer significant cost savings. Energy Education will include customized online modules upon enrollment plus continuous post-treatment energy education follow-up.

Optimized Measure Mix: SoCalGas proposes to move away from providing all feasible measures to offering an optimized measure mix based on customer need and energy saving opportunity (although SoCalGas does not specify or name the different levels or tiers of service). SoCalGas will do this through an e-commerce style interaction with the customer, clearly identifying measures the customer may be interested in and simple actions that need to be taken to advance in the program. SoCalGas will provide customers the option to self-serve/ self-install simple measures, provided verification processes are in place, and potentially self-assess relatively less-complicated measures in limited cases. SoCalGas states that customer self-installation and self-assessment may be

³⁴⁶ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 23.

valuable in appealing to customers who are less inclined to invite strangers into their home as well as those inclined to maintain their own homes and take an active role in reducing their energy use. SoCalGas will initially introduce new service bundles that will be grouped according to contractor capabilities and current program organization, with the anticipation to move towards more efficient visits, and is therefore requesting Commission approve the general approach with the flexibility to make adjustments that may be needed.³⁴⁷

Online Appointments: SoCalGas's technology platform will allow customers to make their own appointments, that will ultimately incorporate support for customer feedback and research and will match service-providing contractors with customers based on the opportunity and the contractor's capabilities.

Contractor Accountability: SoCalGas proposes to maintain contractor license, inspection results, training status, feedback, and contractor availability within the new technology platform. SoCalGas states that this will allow effective performance review and real time matching of capable contractors with customers' needs.

6.4.5. SDG&E Proposal

SDG&E proposes a more streamlined delivery model based on an online audit and measure treatment tiers as determined by the audit (Basic, Enhanced, and Advanced).³⁴⁸

Online Audits: SDG&E proposes use of a digital platform approach to allow for online energy audits and ongoing customer engagement.³⁴⁹ Online

³⁴⁷ *Ibid.*

³⁴⁸ SDG&E Application, 6.

³⁴⁹ *Id* at, 7.

audits at the time of enrollment will supplement in-home audits, allow for prioritization of homes with the greatest potential for energy savings, and allow SDG&E to identify and reach customers previously untouched or unwilling to participate, especially in high-poverty areas. An online platform will further allow for ongoing education that will assist SDG&E in supporting energy efficient behavioral changes. SDG&E states that by collecting audit information prior to an in-home visit, SDG&E can inform contractors with this information and provide a head start in the process making the initial in-home visit more efficient. Once in the home, the contractor is expected to complete a thorough assessment which will inform all measure installation potential and help streamline future visits. The measure installation process will not end the customer ESA program journey, as there will be ongoing educational tips and messaging to help create persistence in savings. SDG&E will also require a POA for renter occupied homes prior to an in-home assessment because it will ensure that the contractor visiting the premise is authorized to install all feasible measures, therefore optimizing the customer touch point and maximizing energy savings. Once the contractor is in the home, a review of the customized audit report will be conducted, and a full assessment of the home will be completed to ensure all feasible measures are installed with minimal touch points. The customer will be informed of the next steps in the measure installation process and have access to this information online. ³⁵⁰

Measure and Treatment Tiers (Starter Kits, Basic, Enhanced, Advanced):

Measures will be categorized by treatment tiers to consolidate measure

³⁵⁰ SDG&E Testimony, SN-ESA 15-16.

installation based on the level of expertise needed for each treatment.³⁵¹ Done ahead of time and online, the audit will help determine appropriate measures to be installed based on online audit data. For customers deemed not needing an in-home visit, they may receive an energy and water savings conservation kit. For customers where the audit determines higher potential for energy savings will be provided with information on the next steps of program eligibility and participation including POA requirements for renters, income documentation, appointment scheduling, measure selection and installation. Measures will be categorized by treatment tiers to consolidate measure installation based on the level of expertise needed for each treatment.³⁵²

No Visit, Starter Kits: Customers deemed not needing an in-home visit may be eligible to receive an energy and water savings conservation kit which would include low-cost simple self-installed items. Further, as part of the new delivery, customers will have the ability to schedule appointments online, view potential measure options, and make changes to appointments when needed.³⁵³ The starter kit not only serves to engage and educate a customer and provides some easy-to-install measures, but it underscores the importance of completing the audit for effective delivery of the program.

Basic Tier: This package includes measures that are “easy-to-install” that may be installed during an initial visit, including lighting, air sealing measures, power strips, smart thermostats, and domestic hot water measures.³⁵⁴

³⁵¹ SDG&E Application, 7.

³⁵² *Ibid.*

³⁵³ *Ibid.*

³⁵⁴ *Ibid.*

Enhanced Tier: This package includes those measures requiring second visits and additional resources and will be delivered to the homes where measure installation qualifies to maximize savings.³⁵⁵

Advanced Tier: SDG&E will continue to deliver HCS measures that may also reduce hardship. SDG&E proposes new HCS measures outside of the traditional ESA measures offerings for five categories of “special initiatives” customer segments based on significant need for services as identified through other proceedings where low income customers are particularly impacted. These five customer segments include high usage, medical baseline, DACs and the California Air Resources Board’s “Community Air Protection Program” neighborhoods, areas of high disconnects, and high fire threat district customers.³⁵⁶

6.4.6. Party Positions

6.4.6.1. Cal Advocates

Third Party Design: Cal Advocates proposes that the Commission deny all IOU proposed designs and instead implement a third-party procurement mechanism to promote greater competition and transparency for bidders, reduce unduly high measure costs, and encourage innovation to a greater extent than the current ESA procurement process.

6.4.6.2. EEC

SCE’s Design: EEC opposes SCE’s recommendation to provide Tier 2 services only to those low income residents who use 300 percent of baseline energy at least one time in a twelve-month period, stating that it will exclude

³⁵⁵ *Ibid.*

³⁵⁶ SDG&E Application, 8.

some of the most vulnerable population and instead, services should be provided to all those in need, not just the high users.³⁵⁷

SoCalGas' Design: EEC questions SoCalGas' customers self-service proposal stating that it may lead to poor customer service, incorrect home assessments, inadequate energy education, uninstalled measures, fraudulent enrollments, and a host of other problems.³⁵⁸

Treatment of Go-Backs: EEC also proposes the following changes to the policy regarding going back to a previously treated home (go-backs): 1) all restrictions on providing needed ESA energy improvements for previously treated residences be eliminated effective no later than the start of 2021; 2) no monetary penalties be assessed for installing needed measures in such residences; 3) pricing for outreach, enrollment and education required be reasonable and not be used to discourage treatment of go-backs; and 4) project funding and goal setting shall not be used to discourage or limit the treatment of go-backs.³⁵⁹

6.4.6.3. La Cooperativa et al.

SCE's Design: La Cooperativa et al. opposes SCE's proposal of a tiered approach favoring households with high energy use because this will result in penalizing good stewards of energy efficiency, smaller households, and seniors. La Cooperativa et al. states that SCE's tiered approach would encourage those who do not qualify for Tier 2 measures to increase their energy usage to qualify for more program benefits and would result in a reduction of measure installations overall, impacting the program workforce, and therefore result in

³⁵⁷ EEC Protest to SCE application, 6.

³⁵⁸ EEC Response, 2.

³⁵⁹ EEC testimony of Allan Rago, 17.

layoffs and displaced workers.³⁶⁰ Instead, La Cooperativa et al. recommends an approach where upgrades are based on household need, potential energy savings and HCS of vulnerable low income customers. La Cooperativa et al. states that its recommendation is a more inclusive approach compared to SCE's new approach, would not limit smaller households to only low impact measures, and would increase potential energy savings and the HCS of vulnerable low income customers.³⁶¹

SoCalGas' Design: La Cooperativa et al. opposes SoCalGas's new technology platform stating that it is premature, too costly, and would provide limited meaningful results.³⁶² La Cooperativa finds this approach problematic because low income customers are primarily working families with little or no time to learn the complexities of online navigation and program execution,³⁶³ and that extensive training of households would be needed to make the technology user-friendly, in language, and utilized by enough households.

La Cooperativa et al. also opposes SoCalGas' "uberization" of enrollment, education, measure management, and self-install of measures stating that it is premature. The e-commerce platform is expected to be limited to only a small snapshot of ESA households, which would not put forward any scalable model for replication or data needed to revise a program as large as ESA.³⁶⁴

LIWP Design Model: La Cooperativa et al. recommends that the IOUs evaluate CSD's LIWP program with respect to program design and objectives

³⁶⁰ La Cooperativa Protest to SCE Application, 8.

³⁶¹ La Cooperativa Protest to SCE Application, 6.

³⁶² La Cooperativa protest to SoCalGas Application, 2.

³⁶³ *Id* at 4.

³⁶⁴ *Ibid.*

stating that it achieves deeper energy savings than does the current ESA program. LIWP includes a separate budget for home repairs necessary to achieve deep energy retrofits, tailored weatherization and renewable measures that reduce the household's energy burden while promoting California's environmental goals. They recommend that the IOUs utilize LIWP as a guide to revise the budgeting and cost-effectiveness models for the ESA program.³⁶⁵

6.4.6.4. CforAT

SCE's Design: CforAT argues that SCE's recommendation to provide Tier 2 services only to low income residents who use 300 percent of baseline energy at least one time in a twelve-month period will exclude some of CforAT's most vulnerable population. Because many low income customers have non-functioning heaters or air conditioners or have homes that are not properly weatherized and so refrain from using heaters or air conditioners, they might never hit the 300 percent target and would miss out on the ESA benefit and HCS services.³⁶⁶ Instead CforAT recommends that services should be provided to those who are in need.³⁶⁷

PG&E's Design: CforAT makes a similar argument for PG&E's Basic package, as it ignores customers who intentionally use less electricity to realize bill savings and recommends that PG&E consider other factors to provide enhanced measures to these customers.³⁶⁸

³⁶⁵ La Cooperativa et al. Testimony at 4-5.

³⁶⁶ CforAT Protest to SCE, 6.

³⁶⁷ *Ibid.*

³⁶⁸ CforAT Protest to PG&E application at 4.

6.4.6.5. Joint Parties

Ideal Efficient State: The Joint Parties recommend that the Commission adopt a long-term goal of completely treating each ESA eligible home to an “ideal efficient state” within the next twenty to twenty-five years, and then work backward to determine what portion of this long term goal should be accomplished over the next six years.³⁶⁹ The Joint Parties define the “ideal efficient state” as a home that is at least as efficient as a new construction home to the extent feasible and proposes that a technical working group be formed to determine the comprehensive measure list, develop the implementation guidelines, including setting the baseline and any ESA cost effectiveness thresholds. The Joint Parties claim that a shift to this design would not have any immediate budget impacts because the proposal would start with the same budgets but apply a more comprehensive approach to provide greater benefits for each household served, whether in single-family or multifamily buildings.³⁷⁰

6.4.6.6. TURN

Consistency in Tiered Approach: TURN supports a design with a tiered approach stating that it can help balance the competing objectives of reaching as many households as possible, make a tangible dent in the energy burden or bills of participating households, and minimize costs. However, TURN notes that the IOU proposals differs in their tiered offerings, (including the definition of a “high-usage” customer, different needs states, and measures), and recommends consistency across the definition of each tier in terms of eligibility, delivery, and type of offering. TURN argues that a single approach to tiered delivery will

³⁶⁹ Joint Parties Testimony of Mohit Chhabra, 6-7.

³⁷⁰ *Id* at 10-11.

facilitate evaluation and review of performance across the IOUs, in addition to help avoid customer and market confusion across multiple service territories.³⁷¹

Two Tiered Approach: TURN recommends that there be two tiers: 1) Tier 1 should be a basic service, including current offerings (*e.g.*, weather sealing, pipe and duct wrap, lighting), and Tier 2 should include more comprehensive treatments (*e.g.*, insulation, heat pumps, cool roofs). TURN supports flexibility to divert resources away from a tier with lower participation or savings than planned to a tier with more demand, with transparency in the justification for shifting. TURN proposes that all eligible customers be eligible for Tier 2, regardless of their current energy usage, if determined appropriate by a home energy audit. Customers who do not want an audit, do not want to wait for an audit, or do not have viable opportunities for comprehensive savings should receive Tier 1 treatment.

6.4.6.7. TELACU et al.

SoCalGas' Design: TELACU et al. generally supports all components of SoCalGas' application but questions whether the proposed budget is sufficient to deal with the increased demand for ESA services.³⁷² Also if a tiered approach is implemented, TELACU et al. states that all customers, regardless of their current energy usage, should be offered the choice of receiving more comprehensive measures under other tiers, and should be implemented in a manner that does not exclude some of the most vulnerable populations.³⁷³

³⁷¹ TURN Testimony of Alice Napoleon, 26-27.

³⁷² TELACU et al. Testimony, 5.

³⁷³ EEC and TELACU et al Reply Briefs, 5.

6.4.6.8. PCF

SDG&E's Design: PCF opposes SDG&E's proposed ESA program stating that it should instead be modeled after the Staff Proposal, and that a primary objective of the program going forward should be whole house solar plus battery storage upgrades.³⁷⁴

6.4.7. IOU Response

6.4.7.1. PG&E

Ideal Efficient State: PG&E supports a budget cap per treated household/unit/ multifamily building under the Joint Parties' "ideal efficient state" proposal, but states that bringing an existing ESA home to current building code may be cost prohibitive for ESA, so without a per treated home budget cap, significant program dollars might be invested in retrofitting buildings rather than providing energy efficiency measures. PG&E also notes that spending significant funds to bring homes up to code would have a significant negative impact on achieving cost-effectiveness.³⁷⁵

6.4.7.2. SDG&E

Ideal Efficient State: SDG&E states that Joint Parties' proposal disregards the budget implications and fails to provide information on the estimated costs.

Treatment of Go Backs: SDG&E opposes EEC's proposal to remove the restrictions on treating previously treated homes, or go backs, stating that the Commission has provided sufficient flexibility to the utilities to broadly implement go-back strategies, it is unnecessary to remove the restrictions, and

³⁷⁴ PCF Testimony of Bill Powers, 4.

³⁷⁵ PG&E Rebuttal Testimony, I-22-23.

checks and balances are important to ensure that contractors are not unnecessarily reinstalling measures during repeat visits.³⁷⁶

6.4.8. Discussion

6.4.8.1. IOU Designs: Approved with Additional Reporting Requirements

This decision approves the IOUs' proposed delivery approach, shifting away from the goal of treating all eligible and willing households towards a customer-centered prioritization model based on household needs and customer profile. The customer-centered prioritization model seeks to maximize the individual household's energy savings, and HCS benefits based on the household's unique profile. Each household profile should include, but is not limited to, characteristics based on demographics, financial situation, geography, and health status. This delivery model includes allowing online audits prior to in-home visits, limited self-installation of simple measures, limited self-assessments, targeted treatment tiers based on customer segments and needs, and the move towards deeper and more thoughtful retrofits.

The Commission's approval is predicated on a higher level regulatory touch such that the IOUs can meet their portfolio energy savings goals by delivering treatments to customers based on the needs within their own service territories. This shift away from the previous delivery model based on treating all eligible and willing households and on technical feasibility, and towards the IOUs' customer-centered prioritization delivery model also identifies the need for a tiered delivery structure, where customers and households are provided the services they uniquely need, as opposed to a more generalized approach that benefits the previous number of treatments goal.

³⁷⁶ SDG&E Rebuttal Testimony, SN-ESA13.

We agree in part with TURN in their request to “establish (a) process to set common tiers”³⁷⁷ but deny their request for a two tier model. We re-affirm the three tiered approach to meet the varied needs of low income households throughout the state – the “basic” package for most households, the “plus” package for specialized needs, and the “deep” package for the neediest. We also disagree with EEC, La Cooperativa, and CforAT that SCE’s delivery model will only address high users and leave out households in need, given that SCE’s Basic package is more extensive than the other IOUs, and is potentially available to all income eligible households, with a priority for households in need, including the customers that are newly-eligible, hard-to-reach, medically disabled, Tribal, seniors, DACs, and subject to disconnections.³⁷⁸ But to address party concerns regarding certain customers being left behind under this new design, we will require the IOUs to use data collected from the reporting requirements to determine if the needs of intentionally-low energy users are being met through the tiered delivery structure.

Also, within 90 days after the approval of this decision, the IOUs shall submit a joint compliance filing in the form of a Tier 2 advice letter to develop a common set of measures within each treatment tier. The IOUs shall also detail in the advice letter what level of treatment will be provided to which customer segments in order to provide consistency statewide in how the ESA program is designed and delivered, (*see* Section 6.16).

Lastly, to learn from each of the IOUs’ varied models, and to track progress towards meeting the goals set, additional data is needed. In addition to

³⁷⁷ TURN testimony of Alice Napoleon, 24.

³⁷⁸ SCE Amended Application, II-A 31-33.

the compliance filing, we direct the IOUs to report on activity by customer segments and needs state, to collect more data towards tracking program goals, so as to help inform future program goals, and design and delivery.

6.4.8.2. Ideal Efficient State: Denied

We deny the Joint Parties' "ideal efficient state" proposal for reasons related to unknown costs of the proposal, unknown timeframes to execute, and similarity to current program design of offering all feasible measures. While the Commission appreciates the Joint Parties suggesting an interesting and different approach to implementing the ESA program, there are too many unknown variables to dramatically change the nature and implementation approach of the ESA program to this suggested model.

Although we acknowledge that the "ideal efficient state" will elevate every treated home by offering more measures and potentially greater savings, this approach appears to be an enhanced prescriptive "check-list" approach to program implementation under the old ESA design, and runs counter to the move towards customized, strategic treatments by tiers and customer needs. Additionally, in simply offering a more enhanced measures list to all, we may be doing so at the expense of cost containment and cost effectiveness. The Joint Parties did not provide estimated costs for this design, especially considering their proposal to not cap measures for the household/unit/multifamily building. While the Joint Parties argue that the cost of this proposal would be tied to the budgets currently proposed, it still does not provide enough information on the energy savings, treatment numbers or cost-effectiveness impacts, leaving the Commission without a clear understanding of cost implications to ratepayers. There is also a lack of details around the timeframe of creating a technical working group to determine the comprehensive measure list, developing the

implementation guidelines, including setting the baseline and any ESA cost effectiveness thresholds, or what would happen if no consensus on an “ideal efficient state” was met. We agree with the IOUs that further analysis is needed and believe that there exist challenges beyond just the timing and implementation details. Given all the uncertainty, and lack of data supporting this proposal, it is denied.

6.4.8.3. Two Tiered Approach: Denied

We deny TURN’s proposal for a two tiered approach in favor of a three tiered approach for the reasons discussed above.

6.4.8.4. Treatment of Go-Backs: Denied

We deny EEC’s proposals to remove all restrictions and the current policy for going back to a previously treated home. When the Commission eliminated the go-back rule,³⁷⁹ it was replaced with directives to prioritize households that have yet to be treated, households in areas where participation rates are below average, and high energy use households, with the intent to allow customers both access to new measures that were introduced into the program since 2002 as well as to replace measures that may have surpassed their useful life. The intent was to emphasize the energy savings, as well as HCS goals and to discourage repeated ‘go-back’ treatment of the same household if it was not reasonable to achieve those goals. We reiterate that this rule is not meant to prevent or discourage ESA contractors from providing new measures or replacing measures that have surpassed their useful life in a previously treated household, and understand that existing rules as they stand today, do not prevent this. As a result, we deny EEC’s request to eliminate all rules governing retreatments

³⁷⁹ Decision 17-12-009, modifying D.16-11-022, Ordering Paragraph 9.

because such policies were necessarily established to provide incentives to dissuade treatment that yields little in reducing energy burden.

6.4.8.5. LIWP Design Model: Denied

We deny La Cooperativa et al.'s proposal to require the IOUs to utilize LIWP as a guide to revise the budgeting and cost-effectiveness models for the ESA program. The LIWP program has a different funding source, target population, and program design and administration compared to the ESA program. In lieu of the LIWP model, we approve the modified designs, budgets and cost effectiveness policies as discussed in this decision and find that it better aligns with the long terms goals for the program of deeper energy savings.

6.4.8.6. Third Party Design Model: Denied

We deny Cal Advocates' request to reject the all the IOU proposed designs and instead implement a third-party procurement mechanism as discussed in Section 6.14.8.2.

6.5. ESA Measures

6.5.1. Background

Decision 16-11-022, later modified by D.17-12-009, approved a portfolio of measures for the ESA program through 2020. The Commission granted variations in the IOU measure offerings to allow for flexibility and in recognition of each IOUs' unique characteristics of the service territory, geography, climate zones, size of customer base, customer profile and whether it was a single or dual fueled utility. This resulted in IOU portfolios that varied in measure offerings by housing types, climate zones and HCS needs. By the end of the 2020 cycle, the ESA program will have already treated nearly every ESA eligible household with basic measures. For the 2021-2026 program cycle, the IOUs were

directed to propose a measure mix that would result in deeper energy savings, as well as identify new, modified, and retired measures.³⁸⁰

6.5.2. PG&E Proposal

PG&E proposes measure mixes based on tiers, (Basic, Comprehensive, and Comprehensive Plus), with each tier tailored to the customers' need states. The specific proposed measure mixes are based on the program considerations of cost effectiveness, energy savings, hardship reduction, difficulty of installation, customer acceptance and satisfaction.

ESA Basic Measures: Services include a free home assessment, customer energy solutions report, energy education, and installation of simple energy saving measures such as lighting and smart strips, offered to all households with self-certification of income.

ESA Comprehensive Measures: Services include all Basic level measures plus other measures related to increasing energy savings and improving the HCS including weatherization, and appliance upgrades, offered to low-to-moderate energy using households with income verification required.

Comprehensive Plus Measures: Services include all measures of the Comprehensive level plus additional measures including enclosure measures, HVAC measures, air purifiers, portable ACs, minor home repairs, and cold storage units, offered to those households with the greatest need in specific "need states" (high usage, Medical Baseline, disconnections, DAC/Tribal/Rural, and Wildfire prone), with income verification required.

New Measures: Newly proposed measures include prescriptive duct test and seal, portable air conditioners, expansion of the water heater and furnace

³⁸⁰ Decision 19-06-022 Attachment A, 16-17.

repair/replacement service for renters (with a property owner co-pay of \$250 and \$500 for repairs and replacements, respectively), diagnostic driven air sealing, floor insulation, minor home repair plus, pool pumps, air purifiers, and cold storage units. PG&E notes that some of these new measures are proposed for only those customers in specific need states for hardship reductions. PG&E will also be providing customer energy solutions reports that contains personalized usage information and recommendations for savings that are specific to the individual household. These reports include specific rate plans, demand response programs, payment options and alerts, as well as behavioral tips, all with the goal of improved energy affordability and bill management.³⁸¹

Modified Measures: PG&E proposes the following measure modifications from the prior portfolio to increase potential energy savings for customers, assist in reducing hardship for customers, and minimize the negative impacts to the portfolio's cost effectiveness for high volume measures with significantly reduced energy savings. These measure modifications include: 1) changing the age criteria for refrigerator replacements to effective useful life, 2) removing the requirement of minimum household size in order to receive a second refrigerator, 3) extending the water heater repair and replacement measure to renters with a property owner co-pay of \$250, 4) increasing the cap on minor home repairs from \$1,000 to \$2500 for customers identified in the DAC, Tribal and Rural need states, 5) extending the furnace repair and replacement measure to renters with a property owner co-pay of \$500, and 6) capping LED A-lamps to four lamps per home.³⁸²

³⁸¹ PG&E Testimony, I-107.

³⁸² *Id* at I-121.

Retired Measures: PG&E proposes to retire the following resource measures because of low cost effectiveness as indicated by the ESACET scores (measures with 0.3 ESACET) or because of zero or negative energy savings per the 2015-17 Impact Evaluation. These include 1) duct, test, and seal (which is being replaced with new measure prescriptive duct sealing), 2) smart fan delay/efficient fan controller, 3) torchieres, 4) interior hardwired fixtures, and 5) tier 1 power strip (which is being replaced with smart strips). PG&E emphasizes that the measures proposed for retirement are *resource* measures with low to no energy savings, rather than HCS benefits being the primary consideration for evaluation.³⁸³

6.5.3. SCE Proposal

SCE proposes measure mixes based on tiers, (Tier 1 Standard and Tier 2 Enhanced), with each tier tailored to the customers' need. The specific proposed measure mixes are based on the program considerations of cost effectiveness, energy savings, hardship reduction, difficulty of installation, customer acceptance and satisfaction.

Tier 1 Standard Measures: Services include enhanced energy education, basic weatherization, indoor and outdoor LED lighting, HVAC maintenance and filter replacement, Tier 2 smart power strips, smart thermostats, refrigerators, HVAC maintenance and filter replacement and portable AC units for households in hot climate zones.³⁸⁴ The enhanced education package will include education about rate analysis tools, coordination with other income-qualified programs, use of home disaggregation data reports to help households understand what

³⁸³ *Id* at I-116.

³⁸⁴ SCE Prepared Testimony, II-33.

specifically is driving up their costs and potential solutions for mitigating cost impacts, post-installation household follow-ups through email, phone, and direct mail to remind customers of the benefits of energy efficiency and conservation and increase customers awareness of how behavior affects energy costs, and customer information about other program offerings.³⁸⁵

Tier 2 Enhanced Measures: Services include all Tier 1 Standard measures, plus additional HCS measures including dishwashers, HVAC systems in the hottest climate zones, room ACs, evaporative coolers and maintenance services, washing machines, freezers, efficient fan controls, pool pumps, attic insulation and thermostatic shower valves.³⁸⁶ SCE will also use the newest electrification technology for this package.³⁸⁷ The enhanced energy education will include all that is offered with the Tier 1 energy education package plus potential in-depth demonstration and tips on ways to further reduce consumption. Household receiving the Tier 2 Enhanced package will also be able to participate in additional savings programs and may be eligible for a new SCE bill credit to conserve energy.³⁸⁸

New Measures: SCE proposes to add smart thermostats (offered to all customers with wi-fi and a functioning and feasible AC or central heat pump in all building types and climate zones), an expanded central AC and central heat pump tune-up service (provided to any functioning and feasible central AC or heat pump in any building type and climate zone), portable ACs (offered in the hottest climate zones), dishwashers (offered only to those with an existing old,

³⁸⁵ *Id* at II-33-34.

³⁸⁶ *Id* at II-35-36.

³⁸⁷ *Id* at I-5.

³⁸⁸ *Id* at II-35.

inefficient or inoperable unit), and expanded attic insulation (offered to customers with a central AC regardless of which IOU provides the heating fuel).

Modified Measures: SCE proposes to remove the requirement of minimum household size to receive a second refrigerator stating that refrigerators operate around the clock, every day, regardless of the number of people who live in the household.³⁸⁹

Retired Measures: Measures to be retired include Tier 1 Smart Power Strips (due to negative savings), and LED torchiere (due to low need/demand).³⁹⁰

Process for Updating Measures: SCE requests that the Commission allow the IOUs to add new ESA measures to the program or remove outdated measures via an advice letter for expediency, stating that technology is advancing at a rapid pace and delays in approving new measures may result in SCE providing existing measures that are in the process of being phased-out as well as customers missing the opportunity to benefit from newer measures. SCE suggests either a Tier 1 or Tier 2 advice letter depending on the cost-effectiveness of the new measure. If a new measure is cost-effective, then the IOUs shall file a Tier 1 advice letter stating that it has been added as an offering in the program; or, if a new measure is not cost-effective but still supports customer bill reduction, energy reduction, or HCS improvements, then the IOUs shall file a Tier 2 advice letter if the new measure would not result in an increase in the overall portfolio budget. Similarly, if a measure is not providing sufficient value to the program, the IOUs shall file a Tier 2 advice letter at any time to remove the

³⁸⁹ *Id* at II-65.

³⁹⁰ *Ibid.*

measure. SCE states that this will allow it to manage the introduction and retirement of new measures that are considered modest changes to the programs and do not impact policy or budget.³⁹¹

6.5.4. SoCalGas Proposal

SoCalGas' proposes to offer an optimized measure mix based on customer need and energy saving opportunity, and to allow limited customer self-serve measure installation, provided verification processes are in place, as well as customer self-assessment in limited cases.

Optimized Measure Mix: SoCalGas proposes to continue offering existing measures including air sealing measures including weather-stripping, caulking and minor home repair, attic insulation, repair and replacement of furnaces and water heaters, early replacements of furnaces, high efficiency clothes washers, smart thermostats, water heater pipe insulation, low flow showerheads, faucet aerators, thermostatic shower valves, thermostatic tub spouts, and furnace clean and tune.³⁹² The final suite of measures installed in the home will be based on customer need and energy saving opportunity.

New Measures: SoCalGas proposes to include high efficiency wall furnaces as part of its furnace repair and replacement offering (in place of conventional furnace replacements), solar thermal water heating (intended to address the gap that exists now that SoCalGas' California Solar Initiative Thermal Program closed on July 31, 2020), and a comprehensive home health and safety check-up that will address critical health and safety issues found in owner-occupied homes (includes installing carbon monoxide and smoke alarms, assessing safety of gas

³⁹¹ SCE Prepared Testimony, II-78-79.

³⁹² SoCalGas Prepared Direct Testimony of Mark Aguirre and Erin Brooks, 5.

appliances and ventilation, checking water pressure/leaks, and general minor repairs).³⁹³

Modified Measures: SoCalGas proposes the following modifications to allow for a more flexible program that will support SoCalGas' specific proposals, as well as allow for adjustments and innovations that might be identified during implementation through trial and error. These modifications include 1) allowing energy education to be provided outside the home, in group settings, or online, 2) changing the furnaces and water heaters installation service so that it is not dependent on the installation of another measure or a post-weatherization test, and 3) allowing limited customer self-serve measure installation. SoCalGas claims that the modification to the delivery of energy education will appeal to an otherwise difficult segment to reach, support the program's penetration goals, and offer significant cost savings; the modification to changing the furnaces and water heaters installation service will streamline and simplify contractor services and allow SoCalGas to consider critical information about the state of appliances in the home as part of the decision to install air infiltration measures; and the modification to allow customer self-serve measure installation will appeal to customers who are less inclined to invite strangers into their home as well as those inclined to maintain their own homes and take an active role in reducing their energy use.³⁹⁴

Retired Measures: SoCalGas proposes to retire 1) duct testing and sealing unless required by Title 24 and 2) the pilot retrofit kit. SoCalGas states that its' experience in delivering the duct testing and sealing measure results in testing

³⁹³ *Ibid.*

³⁹⁴ SoCalGas Prepared Direct Testimony of Mark Aguirre and Erin Brooks, 126- 127.

performed, but few instances of sealing, and instead proposes to replace this with prescriptive duct sealing. SoCalGas also states that there has been very little opportunity for the pilot retrofit kits in recent years as most forced air units in homes no longer have a standing pilot.³⁹⁵

Process for Updating Measures: SoCalGas also requests approval to add or remove measures from the ESA Program through the monthly report.

6.5.5. SDG&E Proposal

SDG&E proposes measure mixes based on tiers, (Basic and Enhanced), with each tier tailored to the customers' need. The proposed measure mixes are based on the program considerations of cost effectiveness, deeper energy savings, hardship reduction, difficulty of installation, customer acceptance and satisfaction.³⁹⁶

Basic Tier Measures: Services include measures that are easy-to-install during the initial visit, including lighting, air sealing measures, power strips, smart thermostats, and domestic hot water measures.³⁹⁷

Enhanced Tier Measures: Services include all the Basic tier measures plus those measures requiring second visits and additional resources such as appliances, water heater repair/replacement, heat pump water heater (electric), furnace repair/replacement, room AC replacement, duct testing and sealing, energy efficient fan control, whole house fan, pool pump, tub diverter w/ shower valve, air purifiers, additional lighting needs, in home displays, portable ACs, and generators.³⁹⁸

³⁹⁵ *Id* at 6.

³⁹⁶ SDG&E Application, 9.

³⁹⁷ *Id* at 7.

³⁹⁸ SDG&E Testimony, SN-ESA 86-87

New Measures: SDG&E proposes to add energy efficient clothes dryers and whole house fans.³⁹⁹ Additionally specific to the five categories of “special initiatives” customer segments, SDG&E proposes new HCS measures based on significant need for services. These measures may include in-home displays for the high usage and high disconnect segments, air purifiers and portable AC units for the medical baseline segment, air purifiers, electric heat pump, water heaters and associated electrification upgrades for the DAC segments, and solar-powered generators for the high fire threat district customers.⁴⁰⁰

Modified Measures: SDG&E proposes to revise the policy rule for the appliance eligibility criteria to be based on effective useful life for replacement in lieu of replacement being based on the appliance manufactured date, which would apply to refrigerators, gas clothes dryers, and clothes washers.⁴⁰¹

Retired Measures: SDG&E proposes to remove the following measures that have not been impactful or cost-effective, including water heater blankets, water pipe insulation, furnace clean and tune, torchieres, and air conditioner tune ups. SDG&E states that these measures are either expensive with low or negative energy savings, have a low install rate, or have low customer impact.⁴⁰²

6.5.6. Party Positions

6.5.6.1. EEC

PG&E's Proposed Measure Mix: EEC opposes PG&E's proposed copays of \$250 and \$500 for water and furnace repair and replacement to renters in single family dwellings as arbitrary and inequitable. EEC argues that copays for single

³⁹⁹ SDG&E Application, 11.

⁴⁰⁰ SDG&E Testimony, SN-ESA 51-52.

⁴⁰¹ SDG&E Application, 11.

⁴⁰² *Ibid.*

family dwellings are a barrier to providing for HCS, and unusual because renters in multifamily dwellings are not subject to paying it.⁴⁰³

SCE's Proposed Measure Mix: EEC does not specifically oppose SCE's measure mix but recommends that the Tier 2 measures be provided to all those in need, not just the high users.⁴⁰⁴

SoCalGas' Proposed Measure Mix: EEC states that SoCalGas should be required to install all feasible measures with no measure caps, and that renters in all housing types should receive the same measures offered to multifamily renters under the multifamily proposal. EEC claims that trying to optimize the measure mix in every home will create confusion, customer services issues, and missed opportunities. EEC also questions SoCalGas' self-service proposal claiming that it may lead to poor customer service, incorrect home assessments, inadequate energy education, uninstalled measures, fraudulent enrollments, and a host of other problems.⁴⁰⁵

New Measures (All Energy Efficiency and Clean Energy Measures): EEC proposes that the Commission automatically add all Commission approved energy efficiency and clean energy measures, including solar to the ESA portfolio of measures, claiming that this can only improve the cost effectiveness of the overall program.⁴⁰⁶

Allowing ESA Contractors to Enroll and Install Solar: EEC proposes that that ESA contractors be allowed to enroll low income families into ratepayer funded low income solar programs and to perform the installations or to

⁴⁰³ Energy Efficiency Council protest to PG&E, 2.

⁴⁰⁴ EEC Protest to SCE application, 6.

⁴⁰⁵ EEC Response, 2.

⁴⁰⁶ EEC testimony of Allan Rago, 14.

subcontract them to qualified solar contractors, however funding for such installations should still come from the solar program, and not from ESA. EEC states that allowing ESA contractors to offer solar would open the program to hundreds of thousands of low income families not currently being reached by the single solar contractor now involved, would simplify the process for the low income families who no longer need to deal with multiple companies and contacts.⁴⁰⁷

Establishment of an Online Marketplace for Measures: EEC recommends that the Commission reject the use of ESA funds for third-party marketplace purchases.⁴⁰⁸

6.5.6.2. La Cooperativa et al.

SCE's Proposed Measure Mix: La Cooperativa et al. recommends that SCE add HVAC replacements in climate zones 13, 14 and 15 as part of the Tier 1 measure group, and all cooling measures, such as HVAC replacement in all climate zones as part of the Tier 2 Enhanced package. La Cooperativa et al. also requests that the Commission require the IOUs to evaluate the expansion of cooling climate zones, conduct a study to identify new geographical areas that have experienced an increase in cooling degree days.⁴⁰⁹

Modified Measures (Refrigerator Replacements): La Cooperativa et al. supports modifying the refrigerator replacement policy from one based on the age of the unit to a 10-year replacement policy.⁴¹⁰

⁴⁰⁷ *Id* at 26.

⁴⁰⁸ EEC, TELACU et al. Opening Brief, 2.

⁴⁰⁹ La Cooperativa et al., Protest to SCE Application, 6-8.

⁴¹⁰ *Id* at 8-9.

6.5.6.3. CforAT

Cap on General Home Repair Measures: CforAT proposes a per-household cap on general home repairs (modeled after the San Joaquin Valley Proceeding R.15-03-010), to be set based on the average cost of treatment in a particular tier and set at no more than 10 percent of the average cost for treatment in the tier to which the customer is assigned. As more data is collected both through the San Joaquin Valley pilots and through ESA after such a cap is adopted, any cap can be revisited in the future if changes are determined to be appropriate.⁴¹¹

6.5.6.4. Joint Parties

New Measures (Ideal Efficient State): Under the Joint Parties' "ideal efficient state" design, a working group would be convened to compile a list of measures based on building code, appliance standards, and efficiency programs, with each measure listed having an ideal state and a baseline state. A household with a measure that performs worse than either state would at least be upgraded to the baseline state and upgraded to the ideal state if the ESACET was 0.75 or greater.⁴¹²

Requiring Healthy Building Materials: The Joint Parties recommend that the Commission impose requirements for healthy building materials and support installing only those materials that pose minimal health risks if the gasses are inhaled or if materials are touched or ingested. Specifically, the Joint Parties recommend the following regarding standards:

- Add volatile organic chemical content limits for all materials to ESA Program caulking standards;

⁴¹¹ CforAT Comments to June 25, 2020 ALJ Ruling, 5-7.

⁴¹² Joint Parties Intervenor Testimony of Mohit Chhabra, V.

- Add a definition of “non-toxic caulks/sealants” to ESA Program caulking standards for indoor/interior applications;
- Add a definition of “non-toxic caulks/sealants” to ESA Program duct sealing standards;
- Add polyurethane expanding foam tape to the list of approved materials in ESA Program caulking standards;
- Prohibit 2-part spray polyurethane foam in ESA Program attic insulation standards;
- Require batt insulation to be free of added formaldehyde in ESA Program attic insulation standards;
- Require duct board and duct insulation materials to be free of added formaldehyde in ESA Program duct sealing standards;
- Collect data on insulation and caulk/sealant materials used by contractors and implementers in ESA Program retrofits; and
- Provide ESA Program contractors information on the specification and installation of healthier materials.⁴¹³

Prioritization of Electrification and Clean Energy: The Joint Parties also argue that the IOU proposals largely fail to prioritize electrification to achieve customer cost savings, health benefits, and climate benefits.⁴¹⁴ Several ESA applications mention building electrification, but none propose to make a significant investment through ESA to make electrification technologies widely available to low income households where appropriate.⁴¹⁵ The Joint Parties state that targeting investments in clean energy upgrades to customers and communities that will most benefit from them will align with State and local

⁴¹³ Joint Parties Testimony of Veena Singla, 5-13.

⁴¹⁴ NRDC, NCLC, and CHA Prehearing Conference Statement, 29.

⁴¹⁵ *Id* at 31.

government policies to transition to a clean energy economy equitably and affordably.⁴¹⁶

6.5.6.5. TURN

New Measures (Mobile Homes): TURN states that challenges exist in treating manufactured/mobile homes that require a different approach than the IOUs are currently taking. TURN recommends that the IOUs revise their plans to offer measures specific to mobile homes and be required to collect data to better understand needs of mobile home residents.⁴¹⁷ These measures should include those that have been specifically identified to be effective for older mobile homes including belly insulation, belly wrap, insulated skirting, roof insulation or a roof cap, energy-efficient windows and doors, general repairs (caulking, ducts, etc.), and wall insulation.⁴¹⁸ TURN also calls for the IOUs to collect data to better understand the needs of mobile home residents.

Prioritizing of Electrification Measures: TURN proposes that the IOUs be directed to prioritize efficient electrification measures over natural gas efficiency measures, particularly for long-lived measures, because the electrification of buildings will lead to lower energy bills for customers over the long term than the use of renewable natural gas and lowers the total societal cost of meeting California's long-term climate goal. Specifically, TURN recommends installing air-source heat pumps in place of repairing or replacing broken furnaces that may last for another 20 years, and that the Commission set a specific year as a benchmark for when ESA should be significantly transitioned away from

⁴¹⁶ *Id* at 31.

⁴¹⁷ TURN Testimony of Alice Napoleon, 47.

⁴¹⁸ U.S. Department of Energy "Energy-Efficient Manufactured Homes."
<https://www.energy.gov/energysaver/types-homes/energy-efficient-manufactured-homes>.

measures that prolong natural gas end-uses.⁴¹⁹ TURN also recommends that participants who receive electrification measures can additionally be encouraged to enroll in all other programs providing bill reductions for which they might be eligible.⁴²⁰

Caps on Non-Resource Measures: TURN states that non-resource measures should be implemented thoughtfully and carefully, and as feasible, coupled with energy saving measures to minimize any upward pressure on customer bills. To ensure that most ESA funds go towards measures that reduce energy use and burden, TURN recommends setting a cap on the non-resource measures budget or a cap on the per-home spending budget for non- resource measures, with some IOU flexibility. TURN recommends that the cap be set immediately, adopting the limits used in Massachusetts' energy efficiency program, which can be updated after a targeted potential study is complete.⁴²¹ Specifically, TURN proposes that 75% of spending on average across homes, excluding minor repairs, be on resource measures.⁴²²**Establishment of an Online Marketplace for Measures:** TURN recommends that before ratepayer funds are committed for implementing an online marketplace specifically for low-income customers, more information on the cost and benefits of an online marketplace for ESA participants or ESA-eligible customers should be provided to the Commission and to stakeholders. If the information supports implementation of such a portal, the contract for building it should be competitively procured and the measures

⁴¹⁹ TURN Testimony of Alice Napoleon, 48.

⁴²⁰ *Id* at 48-50.

⁴²¹ *Id* at 28-29.

⁴²² TURN Opening Brief, 42-43.

on the online marketplace should either be limited to the ones offered by the ESA program be vetted to ensure that they provide verifiable savings.⁴²³

6.5.6.6. TELACU et al.

SCE's Proposed Measure Mix: TELACU et al. opposes SCE's proposal to offer ACs to only high users in climates zones 13-15 and instead proposes that ACs be available in all climate zones. TELACU et al. opposes SCE's proposal to offer portable ACs in climates zones 13-15 if the AC is inoperable, and instead proposes offering a repair service in all climate zones.⁴²⁴

Establishment of an Online Marketplace for Measures: TELACU et al. recommends that the Commission reject the use of ESA funds for third-party marketplace purchases.⁴²⁵

6.5.6.7. PCF

New Measures (Whole House Solar Battery + On Bill Financing): PCF states that ESA should offer whole house solar plus battery storage upgrades and proposes a robust on-bill financing program to help fund the measure. PCF proposes that the financing be made available to all eligible ESA customers, owners and renters which will allow the ESA program to offer more comprehensive upgrades. PCF claims that under their proposed financing model (using ESA grants and private capital), the program would be cost-effective when taking into consideration administrative costs, capital (measure) costs to landlords/third parties, and capital (measure) costs to utilities;

⁴²³ *Id* at 51.

⁴²⁴ TELACU et al. Testimony, 6.

⁴²⁵ EEC,, TELACU et al. Opening Brief, 2.

and the benefits of avoided costs of supplying electricity, participant Non-Energy Benefits (NEBs), and utility NEBs pursuant to ESACET.⁴²⁶

6.5.6.8. Enervee

Establishment of an Online Marketplace for Measures: Enervee proposes that the IOUs leverage the utility marketplaces to implement an online retail product program that would deliver instant online point-of-sale discounts for income-qualified households tied to super-efficient products, to overcome the up-front purchase price barrier to early replacement.⁴²⁷ Enervee recommends two strategies: 1) nudging income-qualified households towards affordable and efficient purchases that will minimize total cost of ownership, and 2) offering targeted instant discounts on super-efficient products.⁴²⁸ Enervee notes that SCE has already integrated instant online discount functionality into its online marketplace,⁴²⁹ and argues that it has leveraged the online choice engine platform to tailor incentive levels based on data collected during checkout, and has been able to negotiate special pricing on products like thermostats. These measures leveraged additional private investment to maximize the impact of utility efficiency program spending, in line with the goals of this program.⁴³⁰ Enervee also proposes supporting co-pays for low-income households making

⁴²⁶ PCF Testimony of Bill Powers, 4-8.

⁴²⁷ Enervee Response to PG&E, 9.

⁴²⁸ *Id* at 9-10.

⁴²⁹ *Id* at 9.

⁴³⁰ *Ibid.*

investments outside of ESA treatments.⁴³¹ Enervue later updated its recommendation to implement the online Marketplace as a pilot.⁴³²

6.5.7. IOU Responses

6.5.7.1. PG&E

Budget Caps: PG&E would support a budget cap per treated household/ unit/ multifamily building under the Joint Parties' "ideal efficient state" proposal, but states that bringing an existing ESA home to current building code may be cost prohibitive for ESA.⁴³³ PG&E also states that further analysis should be done prior to implementing any spending caps to determine whether such a cap would have unintended consequences of underserving the most vulnerable populations.⁴³⁴

New Measures (All Energy Efficiency and Clean Energy Measures): PG&E opposes EEC's recommendation to add in any or all currently approved residential energy efficiency and clean energy measures into the ESA program for low income homes and states that EEC errs in claiming that the overall cost effectiveness of the program would increase as a result. PG&E states the energy efficiency and clean energy programs measures are not tailored specifically for income-qualified customers, unlike the ESA Program where all measures are evaluated to ensure they are appropriate for the needs and unique characteristics of ESA's income-qualified customer sector. PG&E also points out that EEC errs in stating that all energy efficiency residential measures would improve ESA cost-effectiveness because cost-effectiveness is highly dependent on the measure

⁴³¹ Enervue Opening Brief, 13-14.

⁴³² *Id* at 9.

⁴³³ PG&E Rebuttal Testimony, I-22-23.

⁴³⁴ PG&E Opening Brief, 22.

delivery channel, which differs for these programs (ESA serves customers through the direct install channel, while the mainstream energy efficiency residential programs include both upstream and midstream channels), and cost effectiveness is calculated differently for each program (ESA includes labor costs whereas upstream and midstream EE programs do not).⁴³⁵

Prioritizing Electrification Measures: PG&E states that it is premature to implement electrification or fuel switching into the ESA program in 2020 or 2021 and that it will be most appropriate to wait until the San Joaquin Valley DAC pilot program results before determining which measures are economically feasible at scale to add to the ESA Program.⁴³⁶

Allowing ESA Contractors to Enroll and Install Solar: PG&E is generally supportive of exploring increased leveraging opportunities including with solar as long as these opportunities do not increase administrative, marketing and outreach, and energy education costs of the ESA program but states that to permit contractors to enroll customers in other non-ESA programs, especially programs that do not provide free services, would require a change to the Statewide ESA Policy and Procedures Manual which currently prohibits contractors from performing and billing non-ESA work while providing ESA (including “selling” other services to ESA participants).⁴³⁷

Establishment of an Online Marketplace for Measures: PG&E states that an online retail marketplace needs further analysis to better understand the

⁴³⁵ PG&E Rebuttal Testimony, I-23-24.

⁴³⁶ *Id* at I-26.

⁴³⁷ *Id* at I-31.

savings potential and savings claims validity, cost implications and impacts to customer experience.⁴³⁸

6.5.7.2. SCE

Requiring Healthy Building Materials: SCE states that it is supportive of healthy building materials within the ESA program but notes that there may be significant cost challenges associated with measures when incorporating material standards that are above code and recommends that a working group be delegated to address these issues.⁴³⁹

Establishment of an Online Marketplace for Measures: SCE opposes Enervee's recommendation to augment the traditional direct-install delivery model in the ESA program with an online retail product channel stating that it is not a good fit for ESA, could create unnecessary confusion for low income customers over what products are no-cost and for-cost in the ESA program, and potentially deter new participants that may not know the difference.⁴⁴⁰ However, should the Commission adopt Enervee's recommendation, SCE suggests the Commission pilot an online delivery retail channel to other low-income customers (i.e. FERA customers who fall within 250 percent of FPG) who may otherwise not be eligible to participate in ESA.⁴⁴¹

Caps on Non-Resource Measures: SCE does not support TURN's recommendation to establish spending parameters on non-resource measures

⁴³⁸ PG&E Reply Brief, 14.

⁴³⁹ SCE Amended Testimony, 16.

⁴⁴⁰ *Id* at 17-18.

⁴⁴¹ SCE Reply Brief, 20.

because restricting installations only to measures that provide the greatest per unit energy savings will directly result in lower energy savings per household.⁴⁴²

Prioritizing Electrification Measures: SCE supports prioritizing electrification measures as it would benefit low-income customers by improving HCS, and by cost-effectively converting customers to electric measures at the end of the gas equipment's useful life.⁴⁴³

6.5.7.3. SoCalGas

Prioritizing Electrification Measures: SoCalGas disagrees with TURN and the Joint Parties' request that the Commission provide guidance on the repair or replacement of long-lived fossil fuel measures and that replacing fossil gas with electricity can reduce GHG. SoCalGas strongly disagrees arguing that 1) moving away from low cost natural gas in favor of electricity is costly from both an initial investment standpoint as well as from an ongoing utility rate perspective and doing so would not make sense for low income Californians, and 2) emissions will likely increase from use of electric appliances resulting from higher carbon intensity of the electric versus gas grid, potential increased leakage of super high global warming refrigerants where none existed before, the increased electric load where none existed before and the time of use of certain measures where renewables are not dominant.⁴⁴⁴

New Measures (Mobile Homes): SoCalGas opposes TURN's recommendation to require utilities to immediately and more specifically target and collect data on the mobile home segment stating that it has already taken significant steps towards collecting more data on the mobile home residents in its

⁴⁴² *Id* at 6.

⁴⁴³ *Id* at 14.

⁴⁴⁴ SoCalGas Rebuttal Testimony of Erin Brooks, 6-8.

service territory through its 10-Year Mobile Home Park Safety Upgrade Program. Also, since the mobile homes segment uses significantly less energy than site built homes, these dwellings (as a whole) will have significantly less potential for deeper energy savings and should not be disproportionately prioritized. Therefore, SoCalGas' current approach of broadly addressing as many low income housing types as possible, including mobile homes, is a more effective approach to target ESA program eligible customers while also identifying customers with the most energy savings potential.⁴⁴⁵

Specifically, SoCalGas identifies various barriers to treating mobile homes including permitting challenges, resident challenges, state-of-decay, water and sewer hazards and mobile home listed appliances. SoCalGas also states that the measures proposed by TURN (currently not offered to mobile homes) either lack cost effectiveness or present installation barriers which TURN fails to address or offer solutions to. Lastly, SDG&E states that TURN fails to address the cost ineffectiveness of the measures being suggested.⁴⁴⁶

Requiring Healthy Building Materials: SoCalGas recommends the mid-cycle working group be delegated to address the recommendations made by Joint Parties relative to healthy building materials. Historically, updates to the Installation Standards Manual have been taken up by a Commission established mid-cycle working group where the working group would recommend updates to the manual and submit to the service list the working group's initial recommendations and schedule a workshop for vetting by the public and/or

⁴⁴⁵ SoCalGas Rebuttal Testimony of Mark A. Aguirre and Erin P. Brooks, 13.

⁴⁴⁶ SDG&E Rebuttal Testimony, SN-ESA 10-13.

interested stakeholders. SoCalGas states that this process has been effective and recommend that this practice continue in PYs 2021-2026.⁴⁴⁷

6.5.7.4. SDG&E

New Measures (Ideal Efficient State): SDG&E states that the Joint Parties' proposal disregards the budget implications and fails to provide information on the estimated costs.⁴⁴⁸

Caps on Non-Resource Measures: SDG&E states that TURN's proposal to set caps on the budget or caps on spending per home may deny some customers of HCS measures.⁴⁴⁹

Requiring Healthy Building Materials: Similar to SoCalGas' response, SDG&E recommends the mid-cycle working group be delegated to address the recommendations made by Joint Parties relative to healthy building materials.⁴⁵⁰

New Measures (Mobile Homes): SDG&E states that it has already reviewed a large array of measures to identify opportunities for installation in the various customer segments, including mobile homes, and notes that the measures proposed by TURN are either already included or were excluded due to them being not cost effective or providing little to no savings in SDG&E's service territory.⁴⁵¹

New Measures (Whole House Solar Battery + On Bill Financing): SDG&E states that PCF's proposal for "a robust on-bill financing program" neglects the fundamental premise that ESA delivers no-cost (*i.e.*, "free") measures to low

⁴⁴⁷ SoCalGas Rebuttal Testimony of Mark A. Aguirre and Erin P. Brooks, 14-15.

⁴⁴⁸ SDG&E Rebuttal Testimony, SN-ESA 3-4.

⁴⁴⁹ *Ibid.*

⁴⁵⁰ SDG&E Rebuttal Testimony, SN-ESA 14-15.

⁴⁵¹ *Id* at SN-ESA 11.

income customers, and points out that there is a separate proceeding for which PCF's on-bill financing requests should be deliberated (Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options, R.20-08-022).⁴⁵²

Establishment of an Online Marketplace for Measures: SDG&E opposes Enervee's suggestion to incorporate utility-branded online marketplaces into the ESA program as it is premature and inappropriate. SDG&E states that its marketplace is already available on the SDG&E website and is available to all customers, including low income customers. SDG&E is also committed to conducting open, fair, and transparent third-party solicitations, so Enervee should participate as a third-party implementer or bidder in that solicitation process. SDG&E states that Enervee's attempts to include their proprietary technology at this point in the proceeding is premature and inappropriate.⁴⁵³

6.5.8. Discussion

6.5.8.1. IOUs' Measure Mix: Approved

We approve the IOUs' ESA program measure mixes, including their proposed new, modified, and retired measures. The Commission's approval is predicated on a higher-level regulatory touch such that the IOUs can meet their portfolio energy savings goals, and other directives, including increased program coordination. The IOUs will be able to meet these goals without seeking regulatory approval or being subject to regulatory delay for each necessary measure program change. As a result, we approve the use of monthly reports (for notification purposes) as the most efficient method to allow the IOUs flexibility to make measure and program changes to achieve the goals. Given

⁴⁵² SDG&E Rebuttal Testimony, SN-ESA 15-16.

⁴⁵³ SDG&E Reply, 3.

that we are allowing for the IOUs to make measure changes through the monthly reports going forward, it would be superfluous for the Commission to make specific measure-by-measure determinations here.

The delegation of measure updates and approvals from the Commission to the IOUs does not automatically guarantee or imply that any measure, energy efficiency or otherwise, should or will be added to the ESA program. The Commission's delegation of this responsibility will allow the IOUs, as the program administrators, to decide what is best for their customers, in collaboration with the ESA Working Group stakeholders, to propose and discuss measures that are appropriate for the customer to reduce energy use or hardship, are appropriate to be funded by ESA ratepayers or can be cost-shared with other programs, and generally fit within the cost-effective guidelines.

The measure approval process is also tied to the IOUs' customer-centered prioritization model, which seeks to maximize the individual household's energy savings, and HCS benefits based on the household's unique profile. The IOUs will be able to add new measures and adapt to the evolving customer profile through a collaborative and flexible process.

As a result, we recommend that parties and stakeholders propose measure changes, and direct the IOUs to use the ESA Working Group as the venue to discuss these measure changes, as well as changes to measure co-pays and measure replacement criteria, before submitting them for notification through the monthly reports.

6.5.8.2. New Measures (Ideal Efficient State): Denied

We deny the Joint Parties' recommendation for new measures under the "ideal efficient state" design in conjunction with the recommendation to deny the "ideal efficient state" program delivery model in Section 6.4. Instead, we

approve the IOUs' proposed measures in conjunction with their approved program goals, budgets, and delivery plans, and approve a process for parties and stakeholders to suggest new measures and remove measures through the ESA Working Group.

6.5.8.3. New Measures (Mobile Homes): Denied

We deny TURN's recommendation to require the IOUs to revise their delivery models to prioritize mobile homes and offer additional measures. We agree that SoCalGas and SDG&E have already taken steps towards more closely coordinating with the mobile home segment and its needs, (SoCalGas through its 10-Year Mobile Home Park Safety Upgrade Program and SDG&E through its continual review of measures for mobile homes), and we find this to be sufficient. We also understand that the measures proposed by TURN have already been assessed and are either already included in the measure mix or were not included due to lack of cost effectiveness or installation barriers. Therefore, we see no need to reassess these measures. Lastly, given that the mobile homes segment uses significantly less energy than single family and multifamily homes, and therefore has less potential for deeper energy savings, we do not believe that *disproportionately* prioritizing this segment is reasonable. So, although we determine that the mobile homes segment shall not be *disproportionately* prioritized, this does not mean that the IOUs should be neglecting this customer segment. The IOUs shall continue to target and treat customers within the mobile home sector who are a part of multiple need states. In addition, we agree with TURN, that the IOUs shall continue to report on and study this segment, understand its needs, proposes new measures as they become available, and propose modifications as they see fit and effective.

6.5.8.4. New Measures (Whole House Solar Battery and On Bill Financing): Denied

We deny PCF's proposal to add a new measure for whole house solar battery with on bill financing since these measures are available through other Commission administered clean energy programs. To avoid duplication with these other programs, and to minimize the impacts on ESA funding, we instead direct the IOUs to refer customers who have already received "basic," "plus" and/or "deep" measure packages and who may be candidates for these additional measures to these existing programs (SOMAH, DAC-SASH, SGIP, etc.).

6.5.8.5. New Measures (All Energy Efficiency and Clean Energy Measures): Denied

We deny EEC's proposal to automatically add all Commission approved energy efficiency and clean energy measures, including solar to the ESA portfolio of measures, and disagree that this would improve the cost effectiveness of the overall program. We agree with PG&E that the other energy efficiency and clean energy programs measures are not tailored specifically for income qualified customers and have not been properly evaluated to ensure they meet this population's unique needs. It would not be prudent to automatically add such measures into the ESA program without a proper evaluation and impact analysis, or consideration by the ESA Working Group. For the reasons discussed, we deny this request.

6.5.8.6. Prioritization of Electrification Measures: Denied

We deny TURN and the Joint Parties' request to prioritize efficient electrification measures at this time. We affirm that ESA is funded by both gas and electric ratepayers and has been designed to include measures that achieve energy savings from both gas and electric appliances, as well as hardship

reduction for low income households. We also acknowledge the various concerns about use of ESA funds over the long term to replace gas appliances and the potential bill impacts to low income customers, in light of the Commission and other agencies' recognition that building electrification is a necessary strategy to meet the state's GHG reduction goals.⁴⁵⁴ Accordingly, while it is important to further consider how to ensure that the ESA program is consistent with the state's building electrification goals, we decline to impose new restrictions on ESA investments at this time. However, we agree with PG&E that these measures should be considered once more information has been gathered from the San Joaquin Valley DAC and SCE electrification pilots. So, until more information is gathered from the various pilots, the IOUs shall continue to offer ESA treatments consisting of both gas and electric measures based on the customer's need or need states. Efficient electrification measures may be considered later in this program cycle following the mid-cycle progress report and/or results from the various ongoing pilots and studies.

**6.5.8.7. Requiring Healthy Building Materials:
Requires Further Study**

We direct the IOUs and parties to use the ESA Working Group to address the recommendations made by Joint Parties relative to healthy building materials. We recommend that the ESA Working Group consider the benefits of incorporating healthy building materials into the Installation Standards Manual against any additional costs to the program and potential adverse impacts to cost-effectiveness. In conjunction, we require the IOUs to gather information to

⁴⁵⁴ See D.20-03-027 approving two decarbonization pilot programs "designed to develop valuable market experience for the purpose of decarbonizing California's residential buildings in order to achieve California's zero-emission goals."

consider the contractors' use of healthy building materials through the contract solicitation and RFP process.

6.5.8.8. Allowing ESA Contractors to Enroll and Install Solar: Denied

We deny EEC's proposal to allow ESA contractors to enroll low income families into the low income solar programs and to perform the installations or to subcontract them to qualified solar contractors. While we are supportive of exploring increased leveraging opportunities with other low income programs, including clean energy programs, the impacts of this change are currently unknown. For example, would this create customer confusion, introduce non-subsidized measures that would require investment from the low income household, dis-incentivize enrollment into the programs altogether if they are not interested in one of the offered programs, or create conflicts of interests with other program administrators. For the reasons discussed, we deny this request. That said, the Staff Proposal recommended greater coordination among clean energy programs and through the pilot approach outlined in Section 6.2 above, better coordination between the ESA program and solar programs may be further explored there.

6.5.8.9. Budget Caps (General, Home Repairs, Non-Resource Measures): Approved with Modifications

We approve PG&E's proposal to increase the minor home repair cap to up to \$2,500 for Tribal communities and apply this specific cap to all customer segments for all the IOUs. The increased budget for this category will help facilitate the assessment and installation of the IOU's higher tiers Plus packages, as well as the Pilot Plus and Pilot Deep package(s) where average costs (measure installation and/or repair) per household are likely to exceed the IOUs' proposed

costs of about \$1,700 per household.⁴⁵⁵ We also direct the IOUs to monitor the minor home repairs cap to ensure an appropriate share of total program budget, and delegate to the ESA Working Group the ability to adjust the cap based on average costs per household, as deeper retrofits result in higher average costs per household. As the current ratio is about 150 percent (\$2,500 cap divided by \$1,700 average costs), we delegate to the ESA Working Group the ability to adjust the cap to up to 150 percent of average household costs.

We deny CforAT's proposal for a per-household cap on general home repairs to be modeled after the San Joaquin Valley pilot of no more than 10 percent of the average measure package treatment costs, given that the average measure package treatments costs will be determined based on future program operations and will likely vary over time depending on any revisions the IOUs make to the measure packages. Due to this variation, we believe a fixed cap is easier to implement and more appropriate.

We deny TURN's proposal to set a cap on non-resource measures (HCS measures) based on the limits used in Massachusetts' energy efficiency program, of \$2,500 per home, and a portfolio cap based on the equivalent of spending \$500 per home on average, to avoid limiting the installation of non-resource measures on a household or portfolio-wide level in case the IOUs deem them necessary based on customer and home assessments. The adoption of the IOUs' proposed portfolio energy savings goals, which already takes into account the balance between energy savings and hardship reduction, will provide a limit to spending on health, comfort, and safety measures.

⁴⁵⁵ The IOUs average proposed costs of \$1,700 per HH was determined by dividing the IOUs' total proposed budget of \$2.6 billion by the IOUs' total proposed number of treatments of 1.5 million.

6.5.8.10. Establishment of an Online Marketplace for Measures: Denied

We deny Enervee's proposal to incorporate utility-branded online marketplaces into the ESA program as it is premature. Enervee's online energy efficiency marketplace is not specifically geared towards low income customers or the ESA program, and therefore could cause customer confusion on which measures are free through ESA, and which ones are not. We also decline requiring or implementing any co-pays structures for low income customers. Given the labyrinth of offerings, and the challenges that already exist for customers to navigate just the IOU programs alone, we are not inclined to introduce another layer of complexity.

6.5.8.11. Process for Updating Measures: Approved with Modifications

We allow the IOUs to add, remove, and/or modify measures, via the monthly CARE-FERA-ESA reports, so long as it does not result in spending beyond the approved budgets or adversely impact cost-effectiveness results based on the guidelines in Section 6.10. We also direct the IOUs to develop and maintain a list of measures, noting whether the measure is consistent or different across the utilities, both for the post-decision compliance filing as well as in the ongoing Policies and Procedures Manual,⁴⁵⁶ across all IOU territories that should be offered throughout the state, even if a measure would only be installed if it is cost-effective for a specific utility or climate zone or offers a HCS benefit and is appropriate considering the IOUs' proposed program delivery model and the customer segmentation.

⁴⁵⁶ See Statewide ESA Program 2017-2020 Cycle P&P Manual, Table 5-1.

6.5.8.12. Additional Reporting and Compliance: New

We direct the IOUs to further map the list of measures to the proposed segments, as well as the treatment tiers, and to note where they are consistent or different across the IOUs, (*see* Section 6.16).

6.6. ESA Customer Segments / Market Segmentation**6.6.1. Background**

Previous Commission directives have encouraged the IOUs to target those segments of the low income population that were underserved or hard to reach, including renters, customers in market rate multi-family properties, those in high poverty areas, Tribal communities, and rural communities. However, with the goal to treat all willing and eligible low income households by 2020, the IOUs were never required to prioritize specific segments of the population so long as the household was willing, eligible, and worked towards achieving the 2020 goal. Additionally, those groups that fell into the underserved and hard to reach segments of the population, at times, varied among the IOU service areas due to a variety of factors, including the size of the IOUs' eligible population, the number of multifamily buildings in its service area, the size of its rural populations, and the IOU/CBOs' success in marketing and outreaching to specific groups or areas. The IOUs were given flexibility in how they prioritized segments based on their respective service areas and customer base to reach the 2020 goal. However, now that most of the eligible low income households in California have received a "first touch" treatment by the ESA program, prioritizing segments of the low income population for the more enhanced levels and packages of retrofits might make sense. For the 2021-2026 program cycle, the IOUs were asked to identify participant categories or housing types that will

be specifically targeted for specific levels of treatment as well as discuss the approach used to identify and prioritize these groups.⁴⁵⁷

6.6.2. PG&E Proposal

PG&E proposes to prioritize households that are CARE but not ESA participants,⁴⁵⁸ and those customers with significant needs or hardships. PG&E proposes to identify those participant categories or housing types with significant need based on data from PG&E's own database to identify five categories to receive prioritized targeting: high usage,⁴⁵⁹ medical baseline participation,⁴⁶⁰ disconnections,⁴⁶¹ geographical areas (DAC/Tribal/Rural), and high wildfire threat zones.⁴⁶² PG&E will also leverage household income data to target areas where low income households are prevalent.⁴⁶³ Specifically, PG&E's proposed Basic package will be targeted to all low income segments, while the Comprehensive Package will be targeted to low to moderate energy users, and the Comprehensive Plus package will be targeted to those customers in a particular need state (high usage, medical baseline, disconnections, DACs/Tribal/Rural Wildfire).

⁴⁵⁷ Decision 19-06-022 Attachment A, 13-14.

⁴⁵⁸ PG&E Testimony, I-87.

⁴⁵⁹ CARE customers whose electricity usage exceeds 400 percent of baseline and have received a High Usage Surcharge on their bill, or a CARE customer who has gas usage exceeding 300 percent in any one month.

⁴⁶⁰ Customers with a medical condition that requires device(s) using extra energy. These devices are validated by a doctor and typically increase energy usage.

⁴⁶¹ Customers who continue to have difficulty paying their energy utility bill and have had their service turned off for non-payment within the past 12 months.

⁴⁶² Customers residing in areas defined as extreme danger zones (CPUC Fire Threat maps at: <https://www.cpuc.ca.gov/FireThreatMaps/>) and are most likely to be turned off in the event of high fire danger.

⁴⁶³ PG&E Testimony, I-87.

6.6.3. SCE Proposal

SCE proposes to prioritize the customer segments who are hard to reach, living in DACs, are single-family renters, or living in hot climate zones.⁴⁶⁴ Additionally SCE's tiered offering will target the newly eligible, hard to reach (which include those living in remote communities, customers living in high poverty areas, customers with language barriers, or customers subject to landlord/tenant barriers), medically disabled, Tribal communities, seniors, low income communities in DACs, and those with a high propensity for disconnections.⁴⁶⁵ Specifically, SCE's Tier 1 package will target those households with low to moderate energy use, while the Tier 2 Enhanced package will be targeted to high users, defined as those whose energy use exceeds 300 percent of the baseline allowance at least once over a rolling 12-month period.⁴⁶⁶

6.6.4. SoCalGas Proposal

SoCalGas proposes to use data analytics to identify and prioritize homes that were deemed unwilling in PYs 2002-2020, underserved populations (including high energy burden, Tribal, senior, disabled, veterans, DACs, hard-to-reach, rural, high poverty areas, limited English proficiency and undocumented, multifamily, renters), and customers with the potential for high energy savings.⁴⁶⁷

6.6.5. SDG&E Proposal

SDG&E proposes to prioritize households based on housing type, focusing first on single family, multifamily and mobile homeowners, and renters in high

⁴⁶⁴ SCE Prepared Testimony, I 10.

⁴⁶⁵ *Id* at II 31-33.

⁴⁶⁶ *Id* at II, 35.

⁴⁶⁷ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 73.

poverty areas with high energy usage or energy burden. SDG&E will then focus on enrolling homes that have never received ESA Program services or homes that may have been treated by the program but did not receive all measure installations at the time of previous enrollment. In addition, consideration will be given to homes treated more than 10 years ago where the potential for new measure installation is greater. Customers in need of heating and hot water heating measures will be also be prioritized for HCS.⁴⁶⁸ Specifically, SDG&E's Basic and Enhanced Tiers will be targeted to all low income households generally having low to moderate savings potential, while SDG&E's Advanced Tier will be targeted to five customer segments identified as high priority, including high usage, medical baseline, DACs, customers in high "disconnect" areas, and those in high fire threat districts. This Advanced Tier is also targeted to high using households, defined as those customers exceeding 400 percent of baseline three or more times in year in high heat zone.⁴⁶⁹

6.6.6. Party Positions

6.6.6.1. CforAT

CforAT states that the IOUs should prioritize medical baseline customers, customers with a disability or medical vulnerability around electricity, as well as those with high energy burden as identified in the LINA study.⁴⁷⁰

6.6.6.2. Joint Parties

The Joint Parties states that the IOUs should prioritize those with high disconnections, high arrearages, high pollution, on medical baseline, and have

⁴⁶⁸ SDG&E Testimony, SN-ESA 66.

⁴⁶⁹ SDG&E Application, 5-6.

⁴⁷⁰ CforAT Comments on June 25, 2020 ALJ ruling, 1-3.

high heat/fire threat, while further prioritization should be based on metrics from the Commission's Affordability proceeding (R.18-07-006).⁴⁷¹

6.6.6.3. TURN

TURN recommends that the IOUs should prioritize SEVI, those on medical baseline, those with high disconnections, and some DACs (for example, in less affluent areas).⁴⁷²

6.6.6.4. California Efficiency + Demand Management Council (CEDM)

CEDM states that multifamily low income properties should be prioritized for treatment, and specifically, multifamily properties located in DACs, the Central Valley, rural areas, and those located within a wildfire or Public Safety Power Shutoff zones.⁴⁷³

6.6.6.5. EEC

EEC does not support any prioritization of any homes with a "treat first" caveat, stating that this will increase program outreach costs as well as IOU marketing costs and thus, increase costs to the program.⁴⁷⁴

6.6.6.6. MCE

MCE does not support any prioritization of customer segments for treatment to ensure that the opportunity to participate in the program is available to all eligible customers. However, MCE states that it may be appropriate to prioritize certain customer segments for marketing and outreach,

⁴⁷¹ NRDC, Comments on June 25, 2020 ALJ ruling, 4,

⁴⁷² TURN, Comments on June 25, 2020 ALJ ruling, 1-4.

⁴⁷³ CEDM Comments on June 25, 2020 ALJ ruling, 6.

⁴⁷⁴ EEC Comments on June 25, 2020 ALJ ruling, 5.

so that extra steps are taken to promote participation by customer segments most in need of the benefits energy efficiency upgrades can deliver.⁴⁷⁵

6.6.6.7. PCF

PCF supports prioritizing customers in DACs, as well as those in high fire threat districts and medical baseline customers for solar plus battery installations.⁴⁷⁶

6.6.7. Discussion

6.6.7.1. IOUs Proposed Prioritizations: Approved with Additional Reporting Requirements

We approve the IOUs' proposed prioritizations. The Commission's approval is predicated on a higher level regulatory touch such that the IOUs can meet their portfolio energy savings goals by treating customers based on the needs within their own service territories. As part of approving the IOUs' prioritizations, we also direct the IOUs to meet and confer, and jointly submit a compliance filing to develop a common set of measures within each treatment tier, and to further discuss what level of treatment will be provided to which customer segments and need states to provide greater statewide consistency, (*see* Section 6.16).

Reporting on Additional Metrics: In addition, the IOUs are required to report in their monthly and annual reports additional metrics for customer segments/need states including demographic, financial, location, and health conditions. These metrics may include number of households eligible, number of households contacted, number of households treated, average energy savings per treated household, average cost per treated household, average NEBs per

⁴⁷⁵ MCE Comments on June 25, 2020 ALJ ruling, 2-3.

⁴⁷⁶ PCF Comments on June 25, 2020 ALJ ruling, 2.

household, and average bill savings, etc. The data will be used to develop comprehensive customer profiles and measure delivery approaches to track progress towards, and inform, set and/or meet program goals. The reporting template approved by Energy Division will include the specifics of these reporting criteria.

Reporting on Segmentation Efforts: We direct the IOUs to track monthly, and report annually, their customer segmentation efforts, specifically identifying highly vulnerable customers in multiple need states. The reporting should include the counts of customers who qualify for multiple need states, as well as treatment counts, and the types of measures installed for these highly vulnerable customers. This segmentation and prioritization also align with the Staff Proposal's customer profile recommendations.

Additionally, we direct the IOUs to identify a combination of variables that make a household eligible for different income-qualified programs, such as DAC-SASH or SGIP. The IOUs must also make sure that each contractor is aware and informs customers during treatment that there are additional opportunities for which they may qualify. The IOUs shall also track monthly, and report annually, the information to demonstrate that the IOUs meet the leveraging, coordination, and referral requirements detailed in Section 6.12. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

6.7. ESA Goals – Energy Savings

6.7.1. Background

In 2016, the Commission adopted annual energy savings targets (not goals) for the ESA program for the first time.⁴⁷⁷ Although it was made clear that these were savings *targets* and not *goals*, this signaled that the Commission would be looking for IOUs to shift the focus of the program away from a unit focused program to one that would garner greater efficiencies in terms energy savings and cost effectiveness. And though the IOUs were directed to work towards achieving both the household treatment goals and the energy savings targets, funding allocation was never contingent on meeting these goals or targets. The exception would be in 2019, where D.19-06-022, later modified by D.20-08-033, made bridge funding for PY 2021 contingent on IOUs to meeting certain milestones.⁴⁷⁸ For the 2021-2026 program cycle, the IOUs were asked to provide at a minimum goals for: 1) portfolio level energy savings, 2) average annual household level energy savings for resource measures, and 3) another quantitative goal to reflect HCS benefits from non-resource measures (addressed in Section 6.8).⁴⁷⁹ The IOUs were to reference any relevant information, including information from the mainstream energy efficiency (EE) Potential and Goals (P&G) Study in setting their ESA energy savings goals.

6.7.2. PG&E Proposal

Portfolio Level Energy Savings Target: PG&E proposes a total first-year gross energy savings *target* of 103.6 GWh and 4.5M Therms, and a GHG

⁴⁷⁷ Decision 16-11-022, Ordering Paragraph 5.

⁴⁷⁸ D.19-06-022, Ordering Paragraphs 5.

⁴⁷⁹ *Id* at Attachment A, 7.

reduction target of 106,981 tons for PYs 2021-2026.⁴⁸⁰ PG&E expects that energy savings will be realized for all levels of services due to the degree of resource measures available, however, for some homes, the savings may not be as great depending on what is installed for the need state.⁴⁸¹

Measuring the Depth of Energy Savings: PG&E proposes two quantitative metrics, (not goals) to measure the depth of energy savings, 1) average lifecycle benefits per household from resource measures where both energy savings and NEB are applicable and, 2) average lifecycle benefits per household from non-resource measures where there are no energy savings and only NEBS are applicable. For the former metric, PG&E provides an example of an average lifecycle value of \$906 per household, and the latter metric an average lifecycle value of \$87 per household for PYs 2021-2026.⁴⁸²

6.7.3. SCE Proposal

Portfolio Level Energy Savings Target: SCE proposes a total first-year gross energy savings *target* of 176 GWh and 1.55M therms, and a total GHG reduction target of 13,411 metric tons (14,783 tons) for PYs 2021-2026. SCE is also claiming gas savings for the first time, because of two proposed electrification pilots that will replace gas furnaces and water heaters with electric heat pumps.⁴⁸³

Measuring the Depth of Energy Savings: SCE proposes two quantitative metrics, (not goals) to measure the depth of energy savings, 1) average annual resource measures energy savings per household and 2) bill savings displayed in

⁴⁸⁰ PG&E Testimony, IV-11.

⁴⁸¹ *Id* at I-52.

⁴⁸² PG&E Amended Testimony, I-47.

⁴⁸³ SCE Amended Testimony, I- 9.

dollars. SCE proposes an average annual electric savings per household of around 530 kWh per year, and an average annual electric bill savings per household of \$85 per year.⁴⁸⁴

6.7.4. SoCalGas Proposal

Portfolio Level Energy Savings Target: SoCalGas proposes a total first-year gross energy savings *target* of 10.01M therms and a total GHG reduction target of 44,071 tons for PYs 2021-2026.⁴⁸⁵

Measuring the Depth of Energy Savings: SoCalGas proposes two metrics, (not goals), to measure the depth of the energy savings goals, 1) average energy savings per household (average first-year energy savings in therms per household treated during reporting year) which they propose to be 13 therms per household per year, and 2) average comfort improvements per household (non-energy participant benefits per household for non-resource measures), which they propose to be \$26 per household per year.⁴⁸⁶

6.7.5. SDG&E Proposal

Portfolio Level Energy Savings Target: SDG&E proposes a total first-year gross energy savings *target* of 21.1 GWh, 0.88 M therms, and 14,220 tons (GHG savings) for PYs 2021-2026.⁴⁸⁷

Measuring the Depth of Energy Savings: SDG&E propose two additional goals to measure the depth of energy savings: 1) average annual resource measures energy savings per household (aiming for SF: 300 kWh, 10 therms, MF: 100 kWh, 5 therms, and MH: 250 kWh, 20 therms), and 2) average first-year

⁴⁸⁴ *Id* at V-11.

⁴⁸⁵ SoCalGas Testimony Mark Aguirre and Erin Brooks, 42.

⁴⁸⁶ *Id* at 38.

⁴⁸⁷ SDG&E Application, Appendix A Table A-4, A-4a, and A-5.

NEBs delivered per household (aiming for SF: \$60, MF: \$60, and MH: \$60). These two goals aim to encourage deep energy savings per household through resource measures, while also encouraging the installation of non-resource measures that promote HCS. SDG&E plans to meet the two goals on average across the IOU's ESA portfolio of households treated, but note that on an individual basis, households may fall above or below the resource measure energy savings goals or by customer segment. Because these additional proposed goals were developed using the forecasted number of homes to be treated, the proposed budget and the estimated savings values, SDG&E notes that if any of the above factors are modified during the program cycle, the goals should be re-assessed at that time.⁴⁸⁸

6.7.6. Party Positions

6.7.6.1. TURN

Additional Energy Savings Goals (Lifecycle): TURN originally recommended that goals be set for 1) total program lifecycle energy savings and 2) lifecycle energy savings per participating household, and 3) lifecycle bill reductions per participating household.⁴⁸⁹ These goals can vary by utility to consider the unique characteristics of their service areas (customers, climate, measure saturation, and building stock), but the methodology for setting targets should be consistent across utilities. TURN later updated its recommendation to setting interim targets for the above goals based on the IOU applications which will then be replaced with mid-cycle by targets derived from a low-income potential study.⁴⁹⁰

⁴⁸⁸ SDG&E Testimony SN-ESA 31-32.

⁴⁸⁹ TURN Opening Brief, 17.

⁴⁹⁰ *Id* at 20.

Targeted Low Income Potential Study: To establish these new goals, TURN originally recommended that the IOUs conduct a targeted potential study focusing on energy and bill savings and eventually on cost-effectiveness. The IOUs should then utilize the results of the study to inform and update the goals.⁴⁹¹ TURN later updated its recommendation to use the 2021 P&G study to inform ESA goals mid-cycle.⁴⁹²

Stakeholder Process for Setting/Updating Goals: TURN recommends that upon availability of the low income potential study, the Commission should establish a formal regulatory process to set goals for the ESA program, and require the IOUs to then revise their current plans.⁴⁹³

Conditionally Support IOU Proposed Targets in the Interim: But in the meantime, TURN recommends approving the IOUs' proposed goals as *targets* until a potential or baseline study could be developed to set new goals.⁴⁹⁴

6.7.6.2. Joint Parties

Set More Aggressive Energy Savings Goals: The Joint Parties recommend that the Commission set more aggressive energy saving goals to reach deeper energy savings and meet the urgency of the state's affordability and climate crises.⁴⁹⁵ The Joint Parties estimate that the ESA energy savings goals could be set much higher, and that the IOUs are falling far short of the Commission mandate to achieve deep energy savings, well below 2 percent of sales.⁴⁹⁶

⁴⁹¹ TURN Amended Testimony of Alice Napoleon, 2-22.

⁴⁹² TURN Opening Brief, 22.

⁴⁹³ *Ibid.*

⁴⁹⁴ TURN Opening Brief, 20.

⁴⁹⁵ NRDC, NCLC, and CHP Joint Protest of IOUs' ESA Applications, 9.

⁴⁹⁶ *Id* at 10.

Stakeholder Process for Setting/Updating Goals: The Joint Parties recommend that a formal process be established through which IOUs and stakeholders can identify the long-term savings objective, determine near-term goals, and set appropriate budgets.⁴⁹⁷ They suggest that the Commission could use this process to achieve 85 percent of the current technical energy savings potential in the next 20 years, which could then be translated directly into annual ESA program energy savings goals.⁴⁹⁸

Consistent Formatting: Lastly, the Joint Parties recommend requiring the IOUs to provide ESA program goals in the same format to enable effective analyses as the current applications vary significantly in describing goals.⁴⁹⁹

P&G Study to Inform Goals: The Joint Parties agree with TURN that a low-income potential study should inform the approach that would authorize measures and set ESAP goals.⁵⁰⁰

6.7.6.3. CEDMC

P&G Study to Inform Goals: CEDMC recommends using the EE P&G study to develop true estimates of technical, economic, and market potential before setting savings goals.⁵⁰¹

6.7.6.4. EEC

Portfolio Level Energy Savings Target: EEC does not support establishing energy savings goals because they will cause IOUs to focus on high energy users

⁴⁹⁷ *Id* at 12.

⁴⁹⁸ *Ibid.*

⁴⁹⁹ NRDC, NCLC, and CHP Joint Protest of IOUs' ESA Applications, 10-11.

⁵⁰⁰ Joint Parties Reply Brief, 5.

⁵⁰¹ CEDMC Comments on June 25, 2020 ALJ ruling, 9-10.

at the expense of low-energy users and setting arbitrary goals should not come at the expense of sacrificing HCS or low energy users' expense.⁵⁰²

6.7.6.5. TELACU *et al.*

Portfolio Level Energy Savings Target: TELACU *et al.* does not support establishing energy savings goals because they will cause the IOUs to focus on high energy users at the expense of low-energy users and setting arbitrary goals should not come at the expense of sacrificing HCS or low energy users' expense.⁵⁰³

6.7.7. IOU Responses

6.7.7.1. PG&E

Additional Energy Savings Goals (Lifecycle): PG&E opposes TURN's additionally proposed goals stating that a focus on total and lifecycle energy savings per household would encourage treatment of high potential savings customers and reduce the incentive to treating households with lower savings opportunities. PG&E states that the tracking of these measurements is more appropriate as metrics, and not goals.⁵⁰⁴ PG&E recommends tracking average lifecycle benefits per household from resource measures where both energy savings and NEBs are applicable and average lifecycle benefits per household from non-resource measures where there are no energy savings and only NEBs are applicable.⁵⁰⁵

P&G Study to Inform Goals: PG&E opposes updating program targets and goals upon completion of a potential study if the currently planned

⁵⁰² EEC and TELACU *et al* Reply Briefs, 3.

⁵⁰³ *Ibid.*

⁵⁰⁴ PG&E Rebuttal Testimony of Lori Leiva Jungbluth, I-6.

⁵⁰⁵ *Id* at I-7.

methodology for the 2021 P&G study for the low income sector is pursued, arguing that a different methodology is needed, or a new study focused exclusively on the low income sector should be conducted to provide results that are more aligned with low income market characterizations. PG&E states that it is willing to work with interested stakeholders to discuss mutually acceptable options for achieving such a study.

6.7.7.2. SCE

P&G Study to Inform Goals: SCE opposes establishing any new targets for lifecycle energy savings or updating their proposed targets for annual energy savings prior to the results of a potential study but supports including the low income segment in an upcoming P&G study and reassessing program energy savings targets using the results of this study with a mid-cycle working group.⁵⁰⁶

Stakeholder Process for Setting/Updating Goals: SCE supports utilizing the mid-cycle working group, in lieu of a formal regulatory process, to develop realistic and achievable targets for energy savings and other program goals.⁵⁰⁷

Additional Energy Savings Goals (Lifecycle): Until the P&G study is complete, and the realistic and achievable targets have been developed, SCE recommends tracking TURN's proposed goals as part of its monthly reporting process.⁵⁰⁸ SCE also disputes TURN's claims that its proposal results in a decrease in energy savings as TURN fails to account for the savings from its proposed Building Electrification pilot.⁵⁰⁹

⁵⁰⁶ SCE Amended Rebuttal Testimony, 10-11.

⁵⁰⁷ *Ibid.*

⁵⁰⁸ *Ibid.*

⁵⁰⁹ SCE Amended Rebuttal Testimony, 6-8.

6.7.7.3. SoCalGas

P&G Study to Inform Goals: SoCalGas opposes TURN's recommendation for a formal regulatory process to develop revised targets for energy savings and for other program goals upon the completion of a separate potential study, and instead recommends that the IOUs, stakeholders, and independent low income segment experts leverage the current P&G study to provide better and more accurate input and perspective of the low income market.⁵¹⁰

6.7.7.4. SDG&E

Targeted Low Income Potential Study: SDG&E does not categorically object to TURN's proposal for energy savings goals to be set. However SDG&E emphasizes the importance of setting goals that consider the unique characteristics of IOU service areas, customers, climate, measure saturation, and building stock. SDG&E supports a separate potential study specific to the ESA program and low income customers.

6.7.8. Discussion

6.7.8.1. Portfolio Level Energy Savings Targets: Approved with Modifications

We approve the IOUs' portfolio level energy savings levels for PYs 2022-2026 but set them as *goals* to acknowledge that portfolio energy savings is a priority over the number of households treated. We acknowledge that some of these electric saving goals are lower as compared to previous years' performance, but we attribute this to various factors including 1) a shift from maximizing the number of homes treated to treating households based primarily on customer segments/need states, 2) lower savings potential overall as i) codes

⁵¹⁰ SoCalGas Rebuttal Testimony of Erin Brooks, 5.

and standards have been updated to more efficient appliances,⁵¹¹ ii) the IOUs' ex ante savings values being reduced starting in 2019 as a result of a 2015-2017 evaluation study findings,⁵¹² and iii) the shift away from lighting measures, towards lower-saving and non-energy saving measures. We therefore approve the following portfolio energy savings goals. We apply a ten percent reduction to align with the ten percent reduction in the proposed budgets (*see* Section 6.15.8.1), and a four percent adjustment to adjust for the Staff Proposed Pilot Plus and Pilot Deep treatments, (*see* Section 6.2.3.2).

Table 10: Approved Portfolio Savings Goal, PYs 2022-2026

Approved ESA Portfolio Savings Goal, PYs 2022-2026							
IOU		2022	2023	2024	2025	2026	Total
PG&E	GWh	15.1	35.8	34.3	33.8	33.2	152.2
	MW	2.9	3.2	2.9	2.9	2.7	14.6
	Million Therms	0.63	1.46	1.39	1.37	1.35	6.20
SCE	GWh	18.8	22.4	31.8	33.5	25.1	131.5
	MW	7.1	8.8	12.7	13.5	9.9	52.0
	Million Therms	0.19	0.24	0.38	0.36	0.29	1.48
SoCalGas	GWh	-	-	-	-	-	-
	MW	-	-	-	-	-	-
	Million Therms	1.44	1.44	1.44	1.44	1.44	7.18

⁵¹¹ Claiming savings for measures in ESA program must follow all the same rules/methodology for savings claims in the main Energy Efficiency programs. Thus, as codes and standards are updated to more efficiency appliances, the claimable, or “deemed” savings as established through CPUC Energy Efficiency workpaper process, drops.

⁵¹² DNV GL (2019) “ESA Impact Evaluation Program years 2015–2017”, 3-4, <https://pda.energydataweb.com/#!/documents/2173/view>

SDG&E	GWh	3.0	2.6	2.8	2.9	3.2	14.4
	MW	0.4	0.4	0.4	0.4	0.5	2.1
	Million Therms	0.13	0.11	0.12	0.12	0.13	0.60
Annual Total	GWh	36.8	60.8	68.8	70.2	61.4	298.1
	MW	10.4	12.4	16.0	16.7	13.1	68.7
	Million Therms	2.39	3.25	3.33	3.29	3.20	15.45

6.7.8.2. Additional Energy Metrics: Approved with Modifications

We also direct the IOUs to begin tracking the following three energy saving metrics and report them on an annual basis. To limit confusion between the terminology used in this proceeding and the mainstream energy efficiency proceeding to describe measures that save energy and those that do not, we move away from using the historical terms of “resource” and “non-resource” measures for the ESA program. Instead, this decision will use the terms *energy saving measures* (formerly resource measures), and *health comfort and safety or HCS measures* (formerly non-resource measures) to describe measures that do not deliver energy savings but still provide critical benefits to households.⁵¹³ These new terms are not intended to suggest that just because a measure is designated as an energy savings measure that it could not also provide HCS benefits to households. Rather, these new terms will be used and defined in the same way that resource and non-resource measures were previously used by the ESA program in the past.

⁵¹³ Fuel substitution measures will be classified as energy saving measures similar to the mainstream Energy Efficiency programs.

Energy Metric #1: Average Household First-Year Energy Saving Measures Metric):

This metric shall be calculated by summing total first-year gross kWh and therms savings for *energy saving measures* installed for the program year divided by the total number of households treated for the same relevant period. This data will be used to track the trend of how the program's energy saving measure installations are impacting average amount of energy each household is saving. The IOUs shall report this metric by housing type, ownership status, specific customer segments (including DACs, medical baseline, Tribal), rural households and climate zone groups. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

Energy Metric #2: Average Household First-Year All Measures Savings Metric:

This metric shall be calculated by summing total annual gross kWh and therms saving for all *energy savings and HCS* measures installed for the program year divided by the total number of households treated for the same period. This data will be used to track the trend of how all the program's measure installations are impacting average amount of energy each household is saving, taking into account both energy saving measures and HCS measures (which can increase energy consumption in the home). The IOUs shall report this metric by housing type, ownership status, specific customer segments (including DAC, Medical Baseline, Tribal), rural households and climate zone groups. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

Energy Metric #3: Average First-Year Household Energy Savings as a Percent of Estimated Total Annual Energy Consumption (Energy Savings and HCS Measures):

This metric shall be calculated as a ratio of average energy savings to average consumption for all households treated for the reporting year. This data will be used to start documenting an annual baseline of ESA's energy savings compared to household energy consumption (pre ESA treatment) and tracking the depth of energy savings that the ESA program is achieving at the household level over time. The IOUs shall report this metric by housing type and climate zone groups. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

6.7.8.3. Targeted Potential Study: Denied

We understand the concerns regarding the methodology for the P&G study for the low income sector, and its potential misalignment with low income market characterizations. However, we do not believe that a separate targeted potential study is necessary, as it would be duplicative of the current mainstream energy efficiency P&G efforts⁵¹⁴ to create a separate modelling analysis for the low income sector as part of its scope. Instead, we will have Energy Division's low income staff work with the mainstream energy efficiency P&G team to ensure that all party concerns raised here will be addressed during the development of the next study.

6.7.8.4. P&G Study to Inform Goals: Approved

Instead of initiating a separate potential study as proposed by TURN, we direct the IOUs to utilize the current P&G process to help inform the goals for the

⁵¹⁴ P&G study is under mainstream energy efficiency's rulemaking proceeding R.13-11-005.

ESA program. The current P&G study has commenced under the mainstream energy efficiency's rulemaking proceeding R.13-11-005 and is scheduled to deliver technical and achievable potential for the low income customer segment in 2021. Due to the timing of the 2021 study, the technical and achievable potential calculated for the low income sector will only be used for comparison purposes to the energy savings goals approved in this decision.

However, for the next P&G study in 2023, Energy Division staff will work with stakeholders and the P&G study consultants to refine and update the methodology used for the low income customer segment to ensure better alignment with this market's profile. As mentioned, the concerns raised regarding the perceived shortcomings of utilizing the P&G study to inform goals for the low income sector will be addressed through the P&G study and proceeding. This collaboration will be through the main P&G study timeline and workshop process, but with specific attention and workshops dedicated to the low income sector modelling methodology and results. The output of the 2023 P&G study will be one of the data inputs considered upon reviewing and evaluating the progress of the program and IOUs energy saving efforts mid cycle. Ideally, the results of the 2023 P&G study will align with the goals set in this decision. In the instance they are not, we have set up mid cycle review process that can address updates needed to the set goals. (*See* Section 10.3).

6.7.8.5. Stakeholder Process for Setting/Updating Goals: Approved with Modifications

We agree, in part, with TURN and the Joint Parties that some process should be put in place to monitor IOU progress in between the six year cycle. However, we do not agree that a separate regulatory process needs to be established from the various working group efforts already proposed in this

proceeding. We agree with SCE that a working group could take on this task, however we are not inclined to form yet another working group, in addition to what has already been proposed. Therefore, this decision approves the formation of a single working group, the ESA Working Group or ESA WG, to be tasked with monitoring and reviewing of the ESA program's progress, including the energy savings component for the ESA program (see Section 10.2.2.1). To ensure that a balanced approach is taken and that all potentially affected parties' viewpoints are considered, the working group membership will include representation from the various groups of interest in this proceeding. *See* Section 10.2.2.1 for the ESA WG's membership, role, and tasks.

6.7.8.6. Consistent Formatting: Approved

We agree with the Joint Parties and require the IOUs provide consistent formats for tracking ESA program goals and other relevant data being collected. Therefore, Energy Division will work with the IOUs to ensure consistent reporting of goals and metrics in the monthly and annual ESA reports.

6.8. ESA Goals – Health, Comfort, & Safety, Energy Burden, Public Health, Climate Change

6.8.1. Background

Aside from household treatment and energy savings goals, no other specific goals or targets have been previously established in this program related to HCS, energy burden, or climate change. For the 2021-2026 cycle, the IOUs were asked to provide a quantitative goal to reflect HCS benefits from non-resource measures,⁵¹⁵ as well as discuss whether other such goals should be

⁵¹⁵ D.19-06-022, Attachment A, 7.

considered, specifically those associated with energy burden, public health, and climate change.⁵¹⁶

6.8.2. PG&E Proposal

Quantitative HCS Goal (Non-Resource Measures): PG&E does not propose a specific goal but proposes to track as a metric HCS benefits resulting from non-resource measures (as NEB values displayed in dollars).⁵¹⁷

Energy Burden, Public Health, Climate Change Goals: PG&E does not propose goals associated specifically with energy burdens, public health indicators, and climate change, stating that the energy burden is only minimally influenced by the ESA program, and as such, setting a reduction in energy burden as a goal of the program is incomplete and misleading.⁵¹⁸ PG&E also argues that public health indicators are beyond the scope of the ESA program because the program is focused on the mix of energy savings and HCS improvements made to a customer's home, and while some ESA measures may have incidental societal impacts, ESA should balance energy savings and cost effectiveness for all.⁵¹⁹ Similarly, climate change and reduction in carbon emissions or GHGs is a by-product of the ESA program and not the primary motivation. However, PG&E does propose a total GHG reduction target of 106,981 tons between PYs 2021-2026.⁵²⁰ PG&E acknowledges that energy efficiency products often positively contribute to reductions in negative climate

⁵¹⁶ *Id* at Attachment A, 9.

⁵¹⁷ PG&E Prepared Testimony, I-45.

⁵¹⁸ *Id* at I-54.

⁵¹⁹ *Id* at I-55.

⁵²⁰ *Id* at IV-11.

outcomes but states that making it a goal would mean changing the focus and implementation model of the program completely.⁵²¹

6.8.3. SCE Proposal

Quantitative HCS Goal (Non-Resource Measures): SCE does not propose a goal but proposes to track the benefits provided by measures that increase HCS using billing and NEBs data.⁵²²

Energy Burden, Public Health, Climate Change Goals: SCE proposes a total GHG reduction *target* of 13,411 metric tons for PYs 2021-2026,⁵²³ and does not propose a specific hardship reduction goal but does propose to track and “monetize” the benefits provided by measures that attribute to reducing financial hardship and/or increasing HCS using billing and NEBs data.⁵²⁴ These monetary values would be calculated and used together to estimate overall net household hardship reductions that can be tracked over time.

Additionally, SCE proposes several quantitative metrics to track reduction in customer financial hardships, reduction in HCS hardships, combination of reduction in household financial and HCS hardships, and equity impacts via penetration of Hard-To-Reach markets.⁵²⁵

6.8.4. SoCalGas Proposal

Quantitative HCS Goal (Non-Resource Measures): SoCalGas proposes a metric that seeks to capture comfort improvements from non-resource measures that result in the improvement in participants’ HCS. SoCalGas proposes a target

⁵²¹ *Id* at I-55.

⁵²² SCE Prepared Testimony, II-11.

⁵²³ SCE Amended Prepared Testimony II-9.

⁵²⁴ SCE Prepared Testimony, II-11.

⁵²⁵ SCE Prepared Testimony, VI Appendix A.

annual benefit of \$26 of non-energy participant benefits per household per year for non-resource measures.⁵²⁶

Energy Burden, Public Health, Climate Change Goals: SoCalGas proposes a total GHG reduction target of 44,071 tons for PYs 2021-2026.⁵²⁷ SoCalGas does not propose any goals associated with energy burdens or public health indicators but does propose to track a household hardship reduction indicator using participant benefits from measures installed. This indicator identifies the value of the combination of energy savings and non-energy benefits to households treated during the reporting year. All values are denominated in dollars and show first year participant benefits only, regardless of the lifetime of the measure or benefit.⁵²⁸

6.8.5. SDG&E Proposal

Quantitative HCS Goal (Non-Resource Measures): SDG&E proposes an average NEBs delivered per household goal aiming for \$60 in first-year benefits for single family treatments, \$60 in first-year benefits for multifamily treatments, and \$60 in first-year benefits for mobile home treatments.⁵²⁹ SDG&E notes that because these proposed goals were developed using the forecasted number of homes to be treated, the proposed budget and the estimated savings values, the goals will need to be re-assessed if the above factors are modified during the program cycle.⁵³⁰

⁵²⁶ SoCalGas Testimony Mark Aguirre and E Brooks, 36-38.

⁵²⁷ *Id* at 42.

⁵²⁸ SoCalGas Application, 39.

⁵²⁹ SDG&E calculated these values by calculating first-year NEBs delivered for all treated homes in the year, divided by the number of housing units treated.

⁵³⁰ SDG&E Testimony, SN-ESA 31-32.

Energy Burden, Public Health, Climate Change Goals: SDG&E proposes a preliminary average hardship reduction indicator, using average household bill savings plus average household non-energy benefits, and suggests that the next LINA study assess the usefulness of this indicator and provide recommendations on improving it.⁵³¹ Otherwise, SDG&E does not propose any goals associated specifically with other energy burdens, public health indicators, and climate change.

6.8.6. Party Positions

6.8.6.1. CforAT

Fire Safety & Resiliency Benefits: CforAT recommends HCS targets that should include improved fire safety and recommends that the Commission find a way to measure resiliency benefits that account for the risk to medical baseline customers or other customers with serious medical needs from fires or extended power outages that would potentially be mitigated.⁵³²

6.8.6.2. La Cooperativa et al.

ESA as an Equity Program: La Cooperativa et al. recommends that ESA be designed as an equity program that includes objectives to reduce energy burden, and to enhance energy efficiency practices to better ensure the HCS of the participating households.⁵³³

⁵³¹ *Id* at SN-ESA 34.

⁵³² CforAT Comments to July 25, 2020 ALJ Ruling, 4.

⁵³³ La Cooperativa Testimony of Roberto Del Real, 2-3.

6.8.6.3. EEC

ESA as an Equity Program: EEC states that improving the quality of life and welfare through non-energy benefits should remain the focus of the ESA program.⁵³⁴

6.8.6.4. TELACU et al

ESA as an Equity Program: TELACU et al states that ESA is an equity program and should remain as such.⁵³⁵

6.8.7. IOU Responses

6.8.7.1. SDG&E

ESA as an Equity Program: SDG&E opposes the La Cooperativa et al. proposal to establish ESA as an equity program because it neglects the balance that is necessary for a program that is mandated to deliver equity *as well as* energy efficiency while maintaining program cost-effectiveness.⁵³⁶

6.8.8. Discussion

6.8.8.1. Quantitative HCS Goal: Approved as Metrics with Additional Reporting

Historically, the ESA program has not set goals for HCS impacts. These impacts have been tracked tangentially through a NEBs calculation that has been rolled into the IOU ESA cost effectiveness test calculations as an additional benefit to be captured by the program. While we applaud SDG&E and SoCalGas for proposing a value for these types of HCS metrics, we are not inclined to set a specific value or level at this time given a variety of unknown impacts with the new program design approved in this decision. We agree that although NEB values can provide some context for the HCS and hardship reduction impacts the

⁵³⁴ EEC Opening Brief, 5.

⁵³⁵ EEC and TELACU et al. Reply Brief, 4.

⁵³⁶ SDG&E Rebuttal Testimony, SN-ESA 3-4.

ESA program provides, it does not provide the entire picture of the impacts the program is having on household budgets. Instead, we direct the IOUs to track the below HCS and hardship-reduction metrics in their annual reports. The data collected from the metrics below will allow the Commission to better understand the varying impacts of the measures installed to low income households and the degree of conflict these impacts have on one another as described by the IOUs. It will better inform whether setting HCS and hardship reduction goals in addition to the energy savings goals set for the program is reasonable, or even feasible.

The ESA Working Group will be tasked to review the HCS and hardship reduction metrics data collected during the first half of this program cycle and will include in the mid-cycle progress report 1) whether HCS and hardship reduction goals should be set, why or why not, 2) how HCS and hardship reduction goals should be calculated, and 3) at what specific level should HCS and hardship reduction goals be set.

HCS Benefits per household Metric (Energy Saving and HCS measures):

We agree with PG&E that energy saving measures can provide HCS benefits, and therefore a metric intended to quantify these HCS benefits per household should account for all measure types installed by the program.⁵³⁷ The IOUs are directed to track 1) average first-year NEBs benefit per household by customer segment (by housing type, ownership status, specific customer segments (including DAC, medical baseline, Tribal), rural households and climate zone groups) and 2) average lifecycle NEBs benefit per household by customer segment (by housing type, ownership status, specific customer segments (including DAC, medical baseline, Tribal), rural households and

⁵³⁷ PG&E Prepared Testimony, I-46.

climate zone groups). The reporting template approved by Energy Division will include the specifics of this reporting criteria.

Hardship Reduction Metric: Bill Savings plus HCS Benefits (Energy Saving and HCS measures):

The IOUs are directed to track 1) average first-year energy bill savings + first-year NEBs per household by customer segments (by housing type, ownership status, specific customer segments (including DAC, Medical Baseline, Tribal), rural households and climate zone groups), and 2) average lifecycle energy bill savings + lifecycle NEBs per household by customer segments (by housing type, ownership status, specific customer segments (including DAC, Medical Baseline, Tribal), rural households and climate zone groups). The reporting template approved by Energy Division will include the specifics of this reporting criteria.

6.8.8.2. ESA as an Equity Program: Denied

We deny setting ESA as an equity program because doing so would require us to ignore the statutory mandate of ensuring that this program delivers long term reductions in energy consumption⁵³⁸ and takes into consideration the cost-effectiveness of the services.⁵³⁹ The Commission agrees that HCS benefits and hardship reductions are critical benefits of the program that should be considered, shown by our directive here to require the IOUs to track these as metrics, however we do not believe that they should be the only priority at the expense of energy savings goals and cost effectiveness guidelines.

⁵³⁸ Pub. Util. Code Section 382(e).

⁵³⁹ Pub. Util. Code § 2790(a).

6.9. ESA Goals – Household Treatment Targets

6.9.1. Background

The goal for the ESA program has been historically based on the number of households treated, setting IOU specific annual household treatment goals to ensure that the low income population would be fully served by the end of 2020. In its simplest form, annual household treatment goals were derived based on the estimate of eligible low income households in the IOU's service territory, removing households treated since 2002, removing households treated by the CSD programs, applying a 60 percent willingness and feasibility factor,⁵⁴⁰ and then dividing that remaining eligible population by the number of years remaining until 2020. For the 2021- 2026 program cycle, the Commission expected that the IOUs would have reached all willing and eligible low income households by the end of 2020, and therefore, the IOUs were provided with flexibility in proposing new household treatment goals for the new cycle.

6.9.2. PG&E Proposal

Household Treatment Goal: PG&E proposes a household treatment goal of 400,726 for PYs 2021-2026,⁵⁴¹ and proposes to identify and prioritize households with a significant need for ESA services based on indicators of hardship.⁵⁴² PG&E's proposed number of treatments is lower than what it has historically achieved to reflect the shift in the delivery model from maximizing the number of homes treated to treating households based primarily on customer segment or need state.

⁵⁴⁰ Decision 16-11-022 adopted a 60 percent "willingness and feasible to participate" or WFTP factor in calculating the remaining willing and eligible population.

⁵⁴¹ PG&E Testimony, I-49.

⁵⁴² *Ibid.*

6.9.3. SCE Proposal

Household Treatment Goal: SCE proposes a household treatment goal of 332,000 for PYs 2021-2026.⁵⁴³ Although SCE identifies a household treatment goal, SCE proposes to cap the number of homes at the number that can be served within SCE's annual budget allocation and will target those customers most in need of ESA services. To the extent prior participation rates of the hard to reach or vulnerable subgroups are available, SCE will compare the total number of customers treated annually against the estimated number of those eligible and willing to participate. SCE will compare participation rates to past and future participation rates to inform strategies to specifically assist these customers with unique and potentially greater needs.⁵⁴⁴

6.9.4. SoCalGas Proposal

Household Treatment Goal: SoCalGas proposes a household treatment goal of 660,000 for PYs 2021-2026.⁵⁴⁵ SoCalGas' proposed number of treatments is similar to what it has been able to achieve in attempting to meet the 2020 goal.

6.9.5. SDG&E Proposal

Household Treatment Goal: SDG&E proposes a household treatment goal of 91,000 in PYs 2021-2026.⁵⁴⁶ SDG&E's proposed number of treatments is lower than what it has historically achieved, mainly because it has been on track to achieve the long-term goal of treating all eligible and willing low income households but also due to the shift in the program delivery model that relies more on online audits towards the latter half of the program cycle.

⁵⁴³ SCE Prepared Testimony, II- 9.

⁵⁴⁴ *Id* at II-10.

⁵⁴⁵ SoCalGas Application, 8.

⁵⁴⁶ SDG&E Application, Appendix A Table A-5.

6.9.6. Party Positions

6.9.6.1. TURN

Household Penetration Goal: TURN recommends that a goal be set for participation as a percent of total eligible customers but does not specifically recommend household treatment number for the IOUs. TURN also recommends approving the IOUs' proposed goals as targets for now, until a potential or baseline study could be developed to set new goals.⁵⁴⁷ Alternatively, if this is not adopted as a goal, TURN urges the Commission to adopt it as a tracking metric.⁵⁴⁸

6.9.7. IOU Responses

6.9.7.1. PG&E

Household Penetration Goal: PG&E does not support this goal because it appears to conflict with the first three measures proposed by TURN in Section 6.7.6.1. The definition of the term "eligible" would need to be changed to reflect a certain level of savings that is more in line with the savings goals before the fourth goal is implemented, if at all.⁵⁴⁹

6.9.8. Discussion

6.9.8.1. Household Treatment Goals: Approved with Modifications

We approve the IOUs' proposed household treatment numbers for PYs 2022-2026 as targets, as opposed to goals, prioritizing the program's shifting emphasis on energy savings over the number of households treated. (*See* Section 6.7.8.1 for further information on the energy savings goals). For the remainder of the 2021 PY, the IOU household treatment levels will be set as goals

⁵⁴⁷ TURN Intervenor Testimony of Alice Napoleon, 20.

⁵⁴⁸ TURN Reply Brief, 5.

⁵⁴⁹ PG&E Opening Brief, 8.

based on the first half of the 2021 bridge year⁵⁵⁰ to align the IOUs' 2021 bridge period funding and allow for an adequate transition period into the new program and structure.

Although the projected household treatment numbers are lower than what they have been in previous years for some of the IOUs, we attribute this to the IOUs' success in treating all willing and eligible homes by 2020, and therefore providing the opportunity in the new cycle for the IOUs to shift away from the quantity of treatments to quality of treatments. We expect that there still exist a pool of households that have yet to be treated, those that were unwilling or unfeasible at the time, those that were hard to reach, or those newly eligible. The IOUs should still work to enroll and treat these homes. Now that most of the eligible low income households in California have received a "first touch" treatment by the ESA program, this decision's shift towards deeper and likely more expensive retrofits, and the expectation that the IOUs would spend more time and investment per treatment, these household treatment targets (which may be lower than pre-2020 levels) are reasonable.

Beginning in PY 2022, we apply a ten percent reduction to align with the ten percent reduction in the proposed budgets (*see* Section 6.15.8.1), and a four percent adjustment to adjust for the Staff Proposed Pilot Plus and Pilot Deep treatments, (*see* Section 6.2.3.2).

⁵⁵⁰ This matches the household treatment goals approved for the January 1- June 30, 2021 bridge period per PG&E Advice Letter 6035-E-B/4351-G-B, SCE Advice Letter 4053-A, SoCalGas Advice Letter 5501-G-A, and SDG&E Advice Letter 3612-E/2905-G, per D.19-06-022 and D.20-08-033.

**Table 11: Approved Household Treatment Goals for PY 2021 and
Targets for PYs 2022-2026**

Approved ESA Household Treatment Goals and Targets, PYs 2021-2026							
IOU	2021 (Goals) (July 1 - Dec. 31)	2022 (Targets)	2023 (Targets)	2024 (Targets)	2025 (Targets)	2026 (Targets)	Total
PG&E	50,000	59,340	60,437	54,876	52,954	51,099	328,705
SCE	43,652	27,051	37,871	64,922	59,512	56,806	289,725
SoCalGas	60,000	94,600	69,837	69,837	69,837	69,837	433,948
SDG&E	5,973	13,760	11,711	14,138	14,780	16,065	76,427
Total	159,535	194,751	179,857	203,773	197,083	193,807	1,128,805

6.9.8.2. Household Penetration Goal: Denied

We deny TURN's recommendation to establish a goal for participation as a percent of total eligible customers, or a household penetration goal due to lack of support. TURN does not propose a percentage at which this goal should be set at, and we are not convinced that this metric of evaluating treatment levels is any more effective than setting household treatment targets.

6.10. ESA Cost Effectiveness

6.10.1. Background

Public Util. Code Section 2790 states that the ESA program should "tak[e] into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households." In trying to balance

energy savings, program costs, and HCS benefits, the Commission has attempted to determine the appropriate level of cost effectiveness for the ESA program without significantly compromising these competing efforts. Currently the ESA program does not set a specific portfolio cost effectiveness threshold or goal, although past decisions have placed cost effectiveness level thresholds at the measure level.⁵⁵¹

Currently, two adopted tests are used to measure cost effectiveness of the program: the ESA Cost Effectiveness Test (ESACET) and the Resource Test (formerly called Resource TRC). Both are used for information purposes only and are not used for program approval. The current ESACET is the primary cost effectiveness test for the program and includes all measures and all known benefits and costs, including NEBs and administrative costs. This test includes both “resource” (now defined as energy saving measures) and “non-resource” measures (now defined as HCS measures).⁵⁵² The Resource Test includes only avoided cost benefits and the installation costs for energy saving measures. The two tests are not comparable, but the Resource Test does provide some information on the contribution of energy saving measures to the program. Below are the formulas for both cost effectiveness tests.

$$ESACET = \frac{\text{Avoided costs of supplying energy} + \text{Participant NEBs} + \text{Utility NEBs}}{\text{Measure Installation Costs} + \text{Program Administrative Costs}}$$

$$\text{Resource Test} = \frac{\text{Avoided costs of supplying energy}}{\text{Measure Installation Costs}}$$

⁵⁵¹ D.16-11-022 as modified by D.17-12-009, COL 99.

⁵⁵² See Section 6.4 for discussion on the renaming of resource and non-resource measures to energy saving and HCS measures.

Although not specifically mandated to meet a specific cost effectiveness level for the program, the IOUs have been encouraged to seek ways to increase the program's costs effectiveness, whether through installing measures that yield deeper savings, accurately valuing and accounting for NEBs, or through reduced costs in administration and overhead. Some stakeholders have argued that this lack of accountability does not incentivize the IOUs enough to push for greater efficiencies by focusing on producing energy savings and demonstrating higher cost-effectiveness; while other have argued setting cost effectiveness goals disproportionately impede HCS objectives. For the 2021-2026 program cycle, the IOUs were asked to discuss the criteria used to compose the proposed portfolio, cost effectiveness of the proposed portfolio, as well as provide justification for including any non-cost effective measures.⁵⁵³

6.10.2. PG&E Proposal

ESACET Calculation: PG&E proposes an update to the discounting methodology used when calculating ESACET.⁵⁵⁴ When PG&E engaged an external consultant to assist with review of its 2021-2026 ESACET calculations, the consultant discovered that as part of the ESACET score calculations used in its application, the Net Present Value (NPV) of the Low Income Public Purpose Test (LIPPT) model (used to calculate Participant and Utility NEBs results) were not aligned with the NPV of the Cost Effectiveness Tool (CET) outputs (used to calculate avoided costs of supply energy). The result of this review and PG&E's recommendation going forward is that the CET be run to calculate NPV results for each program year, instead of having all future program years discounted to

⁵⁵³ Decision 19-06-022, 16-17.

⁵⁵⁴ PG&E Rebuttal Testimony, I-24.

a single starting year (such as 2020). PG&E recommends this methodology because it takes advantage of the latest updates to the CET tool, and would require no changes or manual post-processing of data in the LIPPT model.⁵⁵⁵ PG&E's review and recommendation for updating ESACET discounting calculation methodology was done in consultation with SCE, SDG&E and SoCalGas.

ESACET Threshold (Portfolio or Measure Level): PG&E does not propose applying a cost effectiveness threshold in the program,⁵⁵⁶ and states that in lieu of a mandatory requirement, PG&E will continue to use a measure level ESACET score minimum of 0.3 and measure volume to consider measures for removal due to low cost effectiveness.⁵⁵⁷ Generally, measures that do not meet this cost-effectiveness level are removed from the program, with exceptions for some measures that provide HCS benefits.⁵⁵⁸ Accordingly, PG&E states that they have already made modifications to the measures portfolio to increase the potential energy savings for customers, assist in reducing hardship for customers, and minimize the negative impact to the portfolio's cost effectiveness for high volume measures with significantly reduced energy savings.⁵⁵⁹

Other Test Considerations: PG&E proposes that the Resource Test be discontinued because it must be calculated separately and provides little

⁵⁵⁵ *Ibid*, I-25.

⁵⁵⁶ PG&E Testimony, I-183.

⁵⁵⁷ PG&E Amended Testimony, I-114.

⁵⁵⁸ PG&E Testimony, I-120.

⁵⁵⁹ *Ibid*.

additional value for the extra effort of being calculated separately, when compared with ESACET.⁵⁶⁰

ESACET Levels in 2021-2026: Lastly, PG&E notes that because cost effectiveness is tied to energy savings and energy savings is decreasing, the expectation is that cost effectiveness of PG&E's ESA program will also decrease to unacceptable levels without NEBs factored into the equation.⁵⁶¹ PG&E's proposed portfolio estimates an ESACET of 0.53.

6.10.3. SCE Proposal

ESACET Calculation: SCE proposes no changes to the ESACET test, stating that it continues to be the most appropriate measure of cost-effectiveness.⁵⁶²

ESACET Threshold (Portfolio or Measure Level): SCE does not propose applying a mandated cost effectiveness criterion at the portfolio or measure level but expects to still be able to find opportunities for improving the efficiency of low income households at reduced but acceptable cost effectiveness levels.

ESACET Levels in 2021-2026: SCE proposes a new measure mix that is expected to provide deeper, longer lasting energy savings,⁵⁶³ while also improving the HCS of households.⁵⁶⁴ SCE's proposed portfolio estimates an ESACET of 0.63.

6.10.4. SoCalGas Proposal

ESACET Calculation: SoCalGas proposes no changes the ESACET.

⁵⁶⁰ PG&E Testimony, I-133-34.

⁵⁶¹ *Id* at I-32-33.

⁵⁶² SCE Prepared Testimony, II-103.

⁵⁶³ *Id* at II- 63.

⁵⁶⁴ *Id* at II- 64.

ESACET Threshold (Portfolio or Measure Level): SoCalGas does not propose any cost effectiveness criterion at the portfolio or measure level.

ESACET Levels in 2021-2026: SoCalGas' proposed portfolio estimates an ESACET of 0.56.

6.10.5. SDG&E Proposal

ESACET Calculation: SDG&E proposes no changes the ESACET.

ESACET Threshold (Portfolio or Measure Level): SDG&E does not propose any cost effectiveness criterion at the portfolio or measure level.

ESACET Levels in 2021-2026: SDG&E's proposed portfolio estimates an ESACET of 0.70.

6.10.6. Party Positions

6.10.6.1. Cal Advocates

ESACET Threshold (Portfolio Level): Cal Advocates proposes an ESACET threshold of 1.0 for the portfolio of resource measures,⁵⁶⁵ arguing that the 1.0 threshold and treatment of HCS objectives will ensure that all benefits from the portfolio of resource measures are at least equivalent to their costs without discouraging HCS benefits. Cal Advocates claims that implementing a cost-effectiveness threshold will 1) focus treatments on homes where the aggregate benefits of such treatments are greater than their costs, 2) is consistent with the Energy Division Staff Proposal's shift to deeper energy savings,⁵⁶⁶ and 3) will maximize total funding, while freeing up funding for other, more cost-effective low income programs.⁵⁶⁷ Cal Advocates support this recommendation by arguing that the ESA program has historically adopted a

⁵⁶⁵ Cal Advocates Prepared Testimony of Stanley Kuan, 1-23.

⁵⁶⁶ *Ibid.*

⁵⁶⁷ Cal Advocates Prepared Testimony of Stanley Kuan, 1-23-24.

cost-effectiveness threshold in the ESA program in prior program years. For PYs 2009-2011, the Commission adopted a measure level cost-effectiveness threshold of 0.25 (using the Utility Cost Test and Modified Participant Cost),⁵⁶⁸ which was later modified pursuant to recommendations from the Cost-Effectiveness Working Group.⁵⁶⁹ In place of a measure level cost-effectiveness threshold the Cost-Effectiveness Working Group was tasked to develop a program-level cost-effectiveness threshold that would be applied at the program-level.⁵⁷⁰ However, that program-level threshold was never established, the ESA program was left without any cost-effectiveness threshold at either of the program or measure-level, and as a result, the ESA program is left without any framework to ensure the reasonable and cost-effective use of ratepayer funds. Therefore, a 1.0 ESACET threshold should be established to ensure reasonable use of ratepayer funds in providing energy efficiency and tangible value and benefits for all low income customers.

ESACET Threshold (Measure Level): Cal Advocates also recommends that individual resource measures with ESACET scores less than 0.30 be removed, and that those funds be refocused to measures with higher cost-effectiveness scores, more cost-effective low income programs, or refunded back to ratepayers.⁵⁷¹ Cal Advocates also state that PG&E's proposed 0.30 measure-level

⁵⁶⁸ The Utility Cost Test accounted for administrative costs, avoided costs of supplying electricity, capital (measure) costs to the utility, and utility non-energy benefits. The Modified Participant Test accounted for administrative costs, net bill reductions, capital (measure) costs to the utility, and participant non-energy benefits.

⁵⁶⁹ Decision 14-08-030 at 121, OP 43; Energy Savings Assistance Program Cost-Effectiveness White Paper, Attachment A, 2.

⁵⁷⁰ Decision 14-08-030 at 122, OP 44.

⁵⁷¹ Cal Advocates Prepared Testimony of Stanley Kuan, 1-28.

ESACET threshold should serve as a standard measure-level ESACET threshold and be applied to all the IOUs. As support, Cal Advocates states that SCE's budget for PY 2021-2026 could be reduced by \$33.9M (or \$22.8M excluding pilot measures) simply by removing such low performing measures.⁵⁷²

ESACET Threshold for Budgeting: Cal Advocates proposes that the 1.0 ESACET threshold be used as a criterion to develop the appropriate ratepayer collection levels,⁵⁷³ stating that the program should invest ratepayer funds in measures that provide more energy and NEBs than they cost, which will minimize rate impacts on all customers, especially low income customers, who also pay for ESA. Cal Advocates acknowledge that a 1.0 ESACET threshold may have the effect of limiting the number of measures installed in favor of more cost-effective treatments to fewer households, but in return, the threshold would reduce the overall number of treatments that require program funds without delivering energy savings or HCS benefits. Cal Advocates support this argument by providing detailed analysis on the impacts to ESA budgets if a 1.0 ESACET threshold for resource measures is applied. The analysis illustrates that PG&E could meet the 1.0 ESACET threshold for the portfolio of resource measures while still retaining its proposed non-resource measures and reducing its total resource costs from \$629 million to \$418 million. Similarly, SCE could meet the 1.0 ESACET threshold by prioritizing resource measures with measurable benefits (greater than 0.60) and reduce its total resource costs from \$362 million to \$247 million.⁵⁷⁴

⁵⁷² Cal Advocates Amended Testimony, 1-30.

⁵⁷³ Cal Advocates Prepared Testimony of Stanley Kuan, 1-25.

⁵⁷⁴ Cal Advocates Comments on ED Staff Proposal, 12-13.

Updating NEBs: Lastly, Cal Advocates recommend that the Commission reinstate the Cost-Effectiveness Working Group and order it to revisit the categorization of resource versus non-resource measures,⁵⁷⁵ direct the IOUs to hire an independent evaluator to review and validate the NEB outputs and ESACET values prior to the submission of the ESA applications,⁵⁷⁶ and direct the IOUs to update NEBs, ESACET and propose modifications to ESA measures and budgets via a Tier 3 advice letter upon completion of the APPRISE NEB⁵⁷⁷ study.⁵⁷⁸

6.10.6.2. TURN

ESACET Threshold (Portfolio Level): TURN does not support establishing a cost effectiveness threshold at this time, stating that a comprehensive accounting for all applicable NEBs should first be completed.⁵⁷⁹ TURN does support setting cost effectiveness as a target because it would be helpful for guiding utility performance,⁵⁸⁰ stating that a cost-effectiveness requirement may prove constraining as the IOUs shift to a new program model. Instead, TURN proposes that after a more complete accounting for NEBs, a benefit-cost ratio target of 1.0 for the ESA program should be adopted. TURN also recommends

⁵⁷⁵ Cal Advocated Amended Testimony Exhibit II, 25-26.

⁵⁷⁶ Cal Advocated Amended Testimony Exhibit II, 25.

⁵⁷⁷ In 2020, the IOUs contracted with APPRISE, a nonprofit research institute that specializes in energy research, to conduct this study of NEBs that arise from the ESA program. This report provides findings and recommendations from a review and assessment of the previous ESA NEB study that was conducted in 2019, and review of additional NEB research conducted around the country. Study link: <https://pda.energydataweb.com/api/view/2471/Final%20CA%20ESA%20NEB%20Report%201-25-21.pdf>.

⁵⁷⁸ Cal Advocated Amended Testimony Exhibit 2, 25.

⁵⁷⁹ TURN Rebuttal Testimony, Alice Napoleon, 12.

⁵⁸⁰ TURN Testimony, Alice Napoleon, 19.

that a sensitivity analysis be conducted once the NEBs updating, and expansion process is complete to assess the impact of removing Non-Resource measures from the ESACET target.⁵⁸¹

ESACET Threshold (Measure Level): TURN does not support adopting a measure-level cost-effectiveness threshold for resource measures as proposed by Cal Advocates stating that a strict measure-level threshold would prevent utilities from installing non-cost effective measures that work well with or are required to install cost-effective measures and may also exclude measures that are useful for bringing customers into the program. TURN also recommends the definitions of “resource measures” and “non resource measures” should first be standardized as each IOU currently uses different criteria for non-resource measures.⁵⁸²

ESACET Threshold for Budgeting: TURN does not support using the ESACET in setting the budget, stating that this should not be the determining factor. Rather, TURN recommends that a targeted potential study of the low income sector, specific to the ESA program, should be conducted first, followed by the development of IOU specific savings goals. Once these parameters are set, the IOUs should use cost effectiveness as a guide in the development of their overall measure mix to achieve their savings goals. After this exercise is completed, the total budget should then be assessed for reasonableness and if necessary, cuts or reallocations can be made.⁵⁸³

Updating NEBs: TURN does support Cal Advocates’ proposal to establish a stakeholder process to improve energy benefits and NEB measurements. But

⁵⁸¹ TURN Opening Brief, 27-29.

⁵⁸² TURN Rebuttal Testimony, Alice Napoleon, 13-14.

⁵⁸³ *Id* at 13.

while Cal Advocates calls for addressing the update to the NEB study with an advice letter process, TURN recommends that the results of the NEB study inform a mid-term program update process that also considers the results of the low income potential study.⁵⁸⁴

6.10.6.3. Joint Parties

ESACET Threshold (Portfolio or Measure Level): The Joint Parties recommend a 0.75 ESACET threshold under an “ideal efficient state” delivery model (see Section 6.4) while allowing for qualifying HCS measures. The Joint Parties state that a combination of all applicable measures that pass the ESACET threshold and applicable HCS measures together will provide energy savings and reduced bills, while ensuring that the treated home meets a minimum standard of health and comfort.⁵⁸⁵

6.10.6.4. EEC and TELACU et al.

ESACET Threshold (Portfolio or Measure Level): EEC and TELACU et al. do not support any minimum threshold for program cost effectiveness but fail to provide any specific reasoning.⁵⁸⁶

6.10.6.5. PCF

Other Test Considerations: PCF supports the use of a societal cost test and submits that implementing the societal cost test should not be delayed.⁵⁸⁷

⁵⁸⁴ TURN Opening Brief, 26-27.

⁵⁸⁵ Joint Parties' Testimony of Mohit Chhabra, 11.

⁵⁸⁶ EEC and TELACU et al. Comments on June 25, 2020 ALJ Ruling, 8.

⁵⁸⁷ PCF Testimony of Bill Powers, 14.

6.10.7. IOU Responses

6.10.7.1. PG&E

ESACET Threshold (Portfolio Level): PG&E opposes Cal Advocates' proposal to establish a 1.0 ESACET portfolio threshold as a goal for ESA at this time, arguing that requiring a 1.0 ESACET score may have inadvertent consequences of undermining the Commission's dual goal of providing both deeper energy savings as well as HCS benefits. PG&E agrees with TURN in setting a cost-effectiveness threshold *target, not a goal*, using 1.0 for the ESA portfolio excluding non-resource measures, stating several factors contributing to the uncertainties surrounding ESA cost-effectiveness. PG&E supports TURN's request for not setting a cost-effectiveness threshold goal for the ESA portfolio until the program has been up and running for a few years and the new NEBs results are available to comprehensively assess all the included non-resource measures. PG&E also notes that excluding non-resource measures from the ESACET is an interesting idea that requires further evaluation before implementation.⁵⁸⁸ Lastly, PG&E supports TURN's proposed sensitivity analysis.⁵⁸⁹

ESACET Threshold (Measure Level): PG&E opposes Cal Advocates' proposal to remove resource measures with scores below 0.3 or establishing an absolute minimum measure threshold stating that the ESACET is run at the portfolio level without an individual measure level threshold which allows some low scoring measures to be kept in the program and monitored to reassess their cost-effectiveness following additional implementation experience, or evaluations. PG&E also claims that in reviewing the cost-effectiveness of its

⁵⁸⁸ PG&E Rebuttal Testimony, I-13-14.

⁵⁸⁹ PG&E Reply Brief, 8.

program, PG&E already conducts an individual assessment of measures, and measures that have the lowest scores, minimal NEBs, or could not be justified, were removed from the portfolio until the ESA portfolio achieved an acceptable ESACET score.⁵⁹⁰

Updating NEBs: PG&E does not oppose updating the ESACET using new NEB values from the NEBs study, once completed, but opposes redesigning its 2021-2026 ESA portfolio based on the updated NEBs because of the magnitude of effort that will be involved with a redesign, which would likely cause a delay in a final decision in this proceeding. Instead, PG&E recommends incorporating new ESACET values through adjustments via the ESA Working Group and mid-cycle processes, as needed.

PG&E is not opposed to hiring an independent consultant to validate NEB outputs during the next application process but does oppose Cal Advocates' proposal of requiring the IOUs to file Tier 3 advice letters providing updated NEB values, ESACET scores, and modifications to ESA measures and budgets. Instead, PG&E proposes a Tier 2 advice letter option to minimize the administrative burden on the Commission and Commission staff.

PG&E does not oppose establishing a cost-effectiveness subcommittee of the ESA Working Group to discuss an ESACET threshold level but recommends that the Commission provide the cost-effectiveness subcommittee with a purpose and specific issues to be addressed.⁵⁹¹

PG&E agrees with TURN's position that parameters be established for non-resource measures, and that a clear vision and implementation strategy for

⁵⁹⁰ PG&E Rebuttal Testimony, I-20-21.

⁵⁹¹ *Id* at I-17-18.

ESA on equity and HCS be defined, however PG&E notes that establishing a separate budget, goals and per home spending caps for non-resource measures should be explored further prior to implementation and recommends that the ESA Working Group conduct and present its analysis on this topic.⁵⁹²

6.10.7.2. SCE

ESACET Threshold (Portfolio Level or Measure Level): SCE opposes Cal Advocates' proposal of a 1.0 ESACET threshold for the portfolio of resource measures and the proposal to retire measures with ESACET scores below 0.30 claiming that these rules would neglect the HCS policy objectives of the program and would have a detrimental effect on low income customers by significantly limiting the available measures. SCE also urges the Commission to reject Cal Advocates' suggestion to exclude non-resource measures from the ESACET calculation because this has already been examined ("adjusted ESACET" which removed all non-resource measures from the ESACET calculation), and the results showed that removal of these measures provided virtually no change to the test result.

Updating NEBs: SCE opposes Cal Advocates' recommendation to hire independent evaluators to create an oversight process in validating the NEB outputs because 1) an independent contractor has historically been used to develop the tool to estimate the NEBs, and 2) the ESA application process should be the forum to validate the utility inputs that are associated with NEB outputs and ESACET values. Instead, SCE recommends that the Commission adopt a continuation of the Mid-cycle Working Group to make recommendations on future adjustments to the ESACET, allocation of NEBs and future studies, and

⁵⁹² *Id* at I-19.

administrative costs to the measure level. SCE also opposes Cal Advocates' suggestion that the IOUs re-file updated NEBs and ESACET values via Tier 3 advice letters and "propose modification to ESA measures and budgets, based on the results of the APPRISE NEB study," because NEBs and ESACET values are not critical metrics applied to determine the ESA program value or program success, there is no specific requirement for a cost-effectiveness threshold, and updates to NEB and ESACET values do not warrant updates to SCE's application.⁵⁹³

6.10.7.3. SoCalGas

ESACET Threshold (Portfolio Level or Measure Level): SoCalGas opposes setting any threshold for the ESA program because a threshold can have unintended consequences that can negatively impact the customers' HCS, would prohibit valuable HCS measures from being offered, and would not be a complete measurement of how successful the program is at serving customers. SoCalGas also opposes Cal Advocates' recommendation of retiring resource measures with ESACET scores below 0.30 arguing that taking away such measures would disregard the needs that low income customers have and may eliminate benefits that they deserve.⁵⁹⁴

6.10.7.4. SDG&E

ESACET Threshold (Portfolio Level or Measure Level): SDG&E opposes Cal Advocates proposal for a 1.0 ESACET threshold arguing that this has been considered before and never adopted for reasons including lack of confidence in the tests being used, too many measures being eliminated as a result of adopting the 1.0 threshold, lack of consensus, and inability to determine which measures

⁵⁹³ SCE Amended Rebuttal Testimony, 18-22.

⁵⁹⁴ SoCalGas Rebuttal Testimony of Mark A. Aguirre and Erin P. Brooks, 15-17.

should be deemed non-resource and omitted from the test.⁵⁹⁵ SDG&E also opposes Cal Advocates recommendation to eliminate all resource measures with an ESACET value of 0.30 or less because this would not be sufficient in achieving the 1.0 threshold, would remove measures that are “favorable” with customers, and may decrease participation in the program.⁵⁹⁶

Updating NEBs: SDG&E opposes Cal Advocates’ recommendation to require the IOUs file updated NEB and ESACET values after the current NEB Study is completed because 1) SDG&E’s application is based on a snapshot in time and should not be amended every time a cost-effectiveness input changes, 2) ESACET is not the sole determinant for program approval and is only one indicator considered along with the remaining data, and 3) NEB estimates are not precise values and in many cases are based on uncertain data that is not specifically representative of low income customers, California’s climate, or ESA’s specific measure mix.⁵⁹⁷

6.10.8. Discussion

6.10.8.1. ESACET Threshold (Portfolio Level): Approved as a Target at 0.70 ESACET

We deny setting a 1.0 ESACET requirement for the ESA portfolio of energy saving measures at this time, and instead require all the IOUs to use an average 0.7 ESACET target for the portfolio level as a guideline when developing their ESA portfolio measure mix each program year.

We agree with TURN that it is premature given the disagreement among parties as to whether the energy benefits and NEBs are being fully realized, and

⁵⁹⁵ SDG&E Rebuttal, BG-ESACET 2-4.

⁵⁹⁶ *Id* at BG-ESACET 4-5.

⁵⁹⁷ *Id* at BG-ESACET 6-8.

the possibility that a 1.0 requirement may exclude valuable measures that do not perform well on the ESACET. Further, given the shift of the ESA program design and delivery model towards deeper and more targeted treatments, it is unclear if a cost-effectiveness requirement or goal is needed at this point.

Although we decline adopting an adjusted 1.0 ESACET (*i.e.* ESACET of energy saving measures only) requirement in this decision, it is not because we agree with the IOUs that having such a threshold would undermine the dual goal of providing both deeper energy savings as well as HCS benefits, as this threshold would have only applied to the energy saving measures in the portfolio, and therefore would not have affected the HCS measures in the portfolio. We agree with Cal Advocates that setting a 1.0 requirement for the energy saving portion of the portfolio will guarantee that all benefits from that portfolio will be at least equivalent to their costs and would be moving in the right direction. However, we are not confident that all the energy benefits and NEBs are currently being fully and accurately realized. Without this confidence, setting a 1.0 threshold may be impractical. We are also not convinced that the IOUs would be able to currently meet the 1.0 ESACET threshold without leaving behind some of projected households under the new design. Based on the proposed portfolio measure mix, applying this requirement would remove measures that may be the critical factor in whether a household decides to participate in the program. According to Cal Advocates analysis, applying this requirement would lead to measures such as central system replacements and insulation being removed, while measures such as LED lamps, smart power strips, faucet aerators, and low flow showerheads would be promoted, (generally measures offered in the basic or Tier 1 level of services). This approach may lead to the delivery of highly cost-effective, but relatively lower savings measures,

and potentially lead to an increase in the quantity of basic packages offered, which would be similar to the previous program design that emphasized reaching all households. Additionally, excluding the HCS measures from the threshold may be inadvertently incentivizing the use of mainly HCS measures at the expense of energy saving measures for participation purposes, and thus moving against the goal of achieving deeper savings. Lastly, setting this requirement would require moving beyond the current definitions of energy saving versus HCS measures (as defined by previous Cost-Effectiveness Working Groups) which we do not plan on doing for reasons described later in this discussion.

For the reasons set forth above, we deny setting a 1.0 ESACET requirement or goal for the ESA portfolio of energy saving measures. We also deny the Joint Parties' proposed 0.75 ESACET goal for the entire portfolio. However, because statute does require cost effectiveness to be a consideration in how the ESA program is run and based on the proposed portfolio ESACET scores from the IOU applications, we require all the IOUs to use an average portfolio level 0.7 ESACET score as a guideline when developing their ESA portfolio measure mix each program year. And to aim for a portfolio level of 0.7 ESACET, the IOUs shall re-evaluate all measures with ESACET scores of less than 0.30 to determine if the measure should be removed from the portfolio,⁵⁹⁸ giving limited exceptions to measures that provide valuable HCS benefits, high energy savings, or other programmatic benefits. The IOUs shall complete a review of the measure mix using the above criteria and identify the results when submitting the compliance filing detailing out all the measures being offered by treatment tiers (as discussed

⁵⁹⁸ PG&E Amended Testimony, I-114.

in Section 6.15). We reiterate that this is not a requirement that overall portfolio must meet the 0.7 ESACET threshold, or that every measure must meet the 0.3 ESACET minimum, but that these are the guidelines to be used, with discretion for exceptions for measures as described above. The final measure mix proposed in the compliance filing will be reviewed for compliance with these guidelines and will be disposed of accordingly.

Although we do not mandate a 1.0 ESACET requirement, we continue to encourage the IOUs to seek ways to increase the program's cost effectiveness through implementation of the above guidelines, through providing deeper treatments, accurately valuing and accounting for NEBs, and through reduced costs in administration and overhead to achieve a 0.70 ESACET portfolio average.

**6.10.8.2. ESACET Threshold (Measure Level):
Approved with Modifications**

This decision requires a re-evaluation of all measures with less than 0.30 ESACETs per the guidance provided above, with limited exceptions for those measures that provide valuable HCS benefits, high energy savings, or other programmatic benefits, to be proposed by the IOUs and approved by the Commission in the subsequent compliance filing (see Section 6.16). This approach will serve the same purpose and will yield similar outcomes as envisioned by Cal Advocates while still allowing the IOUs flexibility in offering limited lower performing ESACET measures that provide benefits not captured by the test, or are attractive enough to low income customers, thus incentivizing them to enroll into the program.

6.10.8.3. ESACET Threshold for Budgeting: Denied

In denying the 1.0 ESACET requirement for the energy saving portfolio, we also deny Cal Advocate's proposal to use the 1.0 ESACET value to set

budgets. We believe that using cost effectiveness is one method of budget setting, and potentially more rational than relying on historical budgets, however, using a 1.0 ESACET requirement would have a disproportionately large impact on determining the program design. We believe that goals should be set first, followed by budgets to meet the goals, followed by program design (which includes cost-effectiveness). Requiring a cost-effectiveness threshold on budgeting would elevate ESACET as a primary goal of the ESA program, which does not align with priorities and goals set within this decision.

6.10.8.4. Reconvening Cost-Effectiveness Working Group: Approved

We agree with TURN that a stakeholder process should be established to review the cost-effectiveness protocols and recommend changes. Instead of creating yet another separate working group as proposed, we include the below tasks for the ESA Working Group (see Section 10.2.2.1) to address the following:

Task 1: Cost-Effectiveness Test Considerations

The objective of this effort is to provide recommendations on the following issues listed below. The cost effectiveness subgroup of the ESA Working Group will provide these recommendations via a progress report to be distributed to the service list no later than the end of the first quarter of 2023.

- How should the cost-effectiveness guidelines in this decision be used by the IOUs to inform ESA program design?
- Are there any recommendations around how the cost-effectiveness guidelines in this decision should be changed?
- Are there any recommendations on how the IOUs could better use cost-effectiveness tools to make program design decisions while also meeting the other goals laid out in this decision?
- How can the Resource Test continue to provide benefit to ESA program decision making and program design? Should the Resource Test be continued or discontinued?

- Can the Societal Cost Test be used as another cost-effectiveness assessment for the ESA program? Are the pros and cons of using this test for ESA?
- Should societal NEBs be included in ESACET? If yes, which ones? How would including societal NEBs interact with societal impacts already taken into consideration in the CET's Total Resource Cost and Societal Cost Test?

Task 2: NEBs Study and Stakeholder Process

The objective of this effort is to provide recommendations that will help facilitate the NEB study plan process. The cost effectiveness subgroup of the ESA Working Group will provide these recommendations via a progress report to be distributed to the service list no later than the December 31, 2022.

- What research areas, including specific types of NEBs, should be considered priority for the NEBs research study budget approved in this decision?
- What is a reasonable timeline to conduct the NEB study?
- Who will be involved on the NEB study team?
- How will the results be used for ESACET updates?
- When would these updated ESACET results be calculated?
- How will stakeholders be kept involved during the NEBs study?
- Beyond NEBs researched funded by this decision, what should the process be for the IOUs to consider and incorporate new NEB research, either from the Commission or other secondary sources, into the NEB model on an ongoing basis?

Following the conclusion of Task 2, the IOUs shall submit a joint Tier 1 advice letter informing the Commission of the next steps they will be taking to begin the NEBs study, and how the recommendations from Task 2 of the ESA Working Group will be taken into consideration.

6.10.8.5. Defining Resource Measures and Non-Resource Measures: Denied

We decline requiring the IOUs to define which ESA measures are classified as energy saving (formerly “resource”) or HCS (formerly “non-resource”) measures beyond the current ad-hoc definition used by IOUs to define HCS measures as those having less than one kWh or one therm of annual energy savings.⁵⁹⁹ Previous Cost-Effectiveness Working Groups have grappled with this question before, and their conclusions would not likely change by rehashing this issue in another working group setting. As described by SDG&E, the previous Cost-Effectiveness Working Group that met between 2015 through 2018 concluded in a 2018 report that “none stood out as a reasonable and appropriate set of criteria” to consistently differentiate between resource and non-resource measures.⁶⁰⁰ One of the main reasons for the working group’s difficulty is the fact that ESA program measures can vary in energy and HCS savings impact depending on where and when the measures are installed. For example, weatherization measures may provide significant savings when installed under appropriate conditions with use of heating and cooling measures. They also result in HCS benefits by reducing drafts, stabilizing indoor temperatures, improving home security, and building integrity.⁶⁰¹

Since this decision is not authorizing the use of an “adjusted” ESACET calculation that would only rely on energy saving measures, the cost-effectiveness guidelines provided above are not driven by a Resource Test,

⁵⁹⁹ Recommendations of the Energy Savings Assistance Program Cost-Effectiveness Working Group, June 2018, 4.

⁶⁰⁰ SDG&E Rebuttal Testimony of Brenda Gettig, 5.

⁶⁰¹ *Ibid*, 6.

and previous Cost-Effectiveness Working Groups have already grappled with this topic and have created an ad-hoc definition that the IOUs have been using, we deny the request to spend more time differentiating ESA program measures beyond their current definitions of energy saving and HCS measures.

6.10.8.6. Updated Discounting Methodology for ESACET Calculation: Approved

We approve the update to the ESACET discounting methodology, which is to use the latest California Energy Data and Reporting System (CEDARS) CET functionality to express outputs from the CET in the relevant program year NPV. This updated discounting methodology shall be used by PG&E, SCE, SDG&E and SoCalGas when calculating their ESACET values. If the IOUs decide to update this methodology again, they will file a joint Tier 1 advice letter alerting Energy Division and parties how the ESACET discounting methodology is changing, and the impacts this change will have on ESACET.

This updated methodology is a logical solution to allow the outputs of the CET and LIPPT to be discounted to the same program year, which is an important step when combining these outputs in the numerator of the ESACET calculation. Further, using the latest CET functionality instead of requiring a manual post-processing of the LIPPT model output is the more efficient and less error prone methodology to correct this issue.

6.10.8.7. Discontinuing the Resource Test: Denied

We deny PG&E's request to discontinue the Resource Test. Given the new cost-effectiveness guidance in this decision, having both the Resource Test and ESACET will be useful to help inform goals, budgets, and program design, as well as for validation and calibration. In addition, we have delegated to the ESA Working Group to evaluate and recommend whether the Resource Test should continue to be used.

6.11. ESA Marketing, Education and Outreach

6.11.1. Background

Each of the IOUs carry out extensive and specific ME&O initiatives to support the ESA program goals. In the past these have included co-marketing with the CARE program, marketing campaigns including direct mail, e-mail, and targeted digital media, use of propensity models for customer targeting, and outreach campaigns to build awareness about holistic energy management and cost-savings opportunities. For the 2021-2026 program cycle, the IOUs were asked to discuss how their ME&O plans support the proposed goals, including plans for improving participation and targeting multifamily households.⁶⁰²

6.11.2. PG&E Proposal

PG&E's proposed ME&O strategy consists of focusing on those customers who have not participated in ESA previously and newly-enrolled CARE customers, with specific outreach developed for customer groups with the greatest needs to help reduce hardship (including those in the five need states: high energy users, customers previously disconnected for non-payment of services, medical baseline, rural, Tribal, DACs, and wildfire threat zones). PG&E is requesting \$12,410,807 to support these marketing efforts and estimates a marketing investment between \$21-\$31 per household treated.⁶⁰³

Specifically, PG&E will continue proven and successful strategies from the prior cycle while adding some modifications and new strategies. These include:

- Continuing to leverage the power of repetition, based on the finding that exposing customers to ESA messaging multiple

⁶⁰² Decision 19-06-022 Attachment A, 12.

⁶⁰³ PG&E Testimony, I-82-83.

times is more successful in achieving customer action than a single communication.⁶⁰⁴

- Continuing to coordinate outreach and engagement with CARE marketing campaigns, including adding partially pre-filled ESA application forms and postage-paid replies to the direct mail version of the CARE Program Welcome Kit.⁶⁰⁵
- Continuing to use the ESA Propensity Model for customer targeting, which currently includes CARE Propensity Model scoring as a component.⁶⁰⁶
- Easing the enrollment processes for qualified customers to participate such as allowing for self-certification for simple measures and removing the property owner waivers for basic/simple measures.⁶⁰⁷
- Introducing need-based targeting of specific customer groups.⁶⁰⁸
- Working with local community action agencies or contractors who have connections in the community and having a local resource or someone known in the community on-site to perform in-home assessment to make initial ESA visits less threatening or intimidating.⁶⁰⁹

6.11.3. SCE Proposal

SCE's proposed ME&O strategy includes focusing on providing energy education over a span of time rather than as a one-time measure in order to leverage the existing utility-customer relationship, building on trust customers already have in the information IOUs provide, and reinforcing the ways that

⁶⁰⁴ *Id* at I-75.

⁶⁰⁵ *Id* at I-76.

⁶⁰⁶ *Id* at I-77.

⁶⁰⁷ *Id* at I-50-51.

⁶⁰⁸ *Id* at I-80.

⁶⁰⁹ *Id* at I-95.

households can reduce their own energy bills.⁶¹⁰ SCE is requesting \$13,342,414 to support these marketing efforts and estimates a marketing investment of about \$40 per household treated.⁶¹¹

Specifically, SCE will focus on the following ME&O elements:

- Utilizing ESA contractors to provide ongoing customer support and energy education on how to correctly use newly installed measures, provide updates on unfamiliar technologies, and direct customers to other SCE and non-SCE programs and resources to help alleviate energy burden and insecurity.⁶¹²
- Targeting customers that fall into the following prioritized classifications: low income, hard to reach, customers located in DACs, single family renters, and customers located in hot climate zones.⁶¹³
- Implementing a holistic marketing and outreach strategy including direct mail, email, digital banners, mass media, and social media marketing to promote the program. SCE plans to create multi-touch marketing materials to deliver customized messages to promote energy-saving measures coupled with personalized education, tools, tips, and resources.⁶¹⁴
- Offering credit to customers participating in the Enhanced (Tier 2) Package who reduced their energy use (via home improvement gift cards or movie theatre passes as alternatives to bill credits) and a “referral fee” for leads that result in measures being installed at a different qualifying low income household in SCE’s service territory.⁶¹⁵

⁶¹⁰ SCE Prepared Testimony, II-75.

⁶¹¹ SCE ESA ME&O costs of \$13.4M divided by 331,868 households treated (per SCE Rebuttal Testimony, A-3).

⁶¹² SCE Prepared Testimony, II-75.

⁶¹³ *Id* at II-76.

⁶¹⁴ *Id* at II-77.

⁶¹⁵ *Id* at II-79-80.

6.11.4. SoCalGas Proposal

SoCalGas proposes to continue proven and successful strategies from the prior cycle while adding some modifications and new strategies. SoCalGas is requesting \$9,856,902 to support these marketing efforts and estimates a marketing investment of about \$15 per household treated.

Specifically, SoCalGas will focus on the following ME&O elements:

- Continuing existing direct marketing efforts including mass media campaigns, monthly direct mail and email, monthly social media posts, and providing collateral material at community events to increase awareness of the ESA program.⁶¹⁶
- Leveraging the new technology platform to educate and provide customers with a venue to immediately apply and schedule online appointments, which will improve participation and the customer experience.⁶¹⁷
- Continuing to co-market ESA with CARE and targeting CARE customers not enrolled in ESA through email, direct mail, and local community events.⁶¹⁸
- Leverage relationships with local community-based organizations (CBOs) to reach prioritized customer segments detailed in Section 6.9.⁶¹⁹

6.11.5. SDG&E Proposal

SDG&E proposes to implement a comprehensive and integrated ME&O strategy that includes a coordinated mix of general awareness, direct marketing, and community engagement.⁶²⁰ SDG&E is requesting \$9,899,578 to support these

⁶¹⁶ SoCalGas Application, 19.

⁶¹⁷ *Ibid.*

⁶¹⁸ *Ibid.*

⁶¹⁹ SoCalGas ESA Testimony, 86.

⁶²⁰ SDG&E Application, 13.

marketing efforts and estimates a marketing investment between \$75 per household treated.

Specifically, SDG&E will focus on the following ME&O elements:

- Continuing to use broad advertising tactics such as television, print, online ads, email, and direct mail.⁶²¹
- Utilizing community outreach and engagement such as attending community events, educating employees on low income programs, targeted outbound telephone campaigns, and engaging with SDG&E's Energy Solutions Partner and CBO networks to educate and engage customers about the low income programs.⁶²²

6.11.6. Party Positions

6.11.6.1. Cal Advocates

Evaluation of ME&O: Cal Advocates recommend that the IOUs review the cost effectiveness of their ME&O activities and tactics including the recent changes made in response to the COVID-19 pandemic and modify their ME&O budgets accordingly.⁶²³ During PY 2020, the IOUs made shifts to their ME&O strategies due to the COVID-19 pandemic, which Cal Advocates states should be evaluated as it may provide valuable data for future approaches and designs for effective ME&O strategies at lower costs. The COVID-19 emergency forced the IOUs to rethink their ME&O activities and implement new tactics to continue to promote the ESA and CARE programs while cutting back on more traditional ME&O tactics. Cal Advocates states that these strategies should be evaluated to determine how best to optimize the ME&O budget, and the IOUs should file a Tier 2 advice letter within 6 months of approval of their ESA applications

⁶²¹ *Ibid.*

⁶²² *Ibid.*

⁶²³ Cal Advocates Amended Testimony, 1-20.

describing the results of their evaluation and what actions they will take to adjust their ME&O budgets accordingly.⁶²⁴

Evaluation of Energy Education: Cal Advocates also recommends that the IOUs be required to track and evaluate whether the proposed energy education programs provide actual energy and bill savings, arguing that the IOUs' current methods for tracking and evaluating the effectiveness of these programs are inadequate, as they lack clear and consistent evaluation goals or methods to ensure that these programs are indeed a cost effective way to help low income customers save energy and reduce bills.⁶²⁵ As a result, the Commission and ratepayers lack insight into the value of or how to improve energy education to achieve bill savings. Cal Advocates also points out that the energy education strategies and cost per households vary widely between the IOUs, resulting in a lack of data to assess the reasonableness of the energy education program designs or budgets. Therefore, to inform future education programs and reasonable budgets, Cal Advocates recommends that IOUs track energy and bill savings associated with their education programs using a randomized control trial and complete the evaluation in two years to allow the IOUs to update their energy education programs through a mid-cycle review.⁶²⁶

Home Energy Reports In lieu of Energy Education: Lastly, Cal Advocates state that the IOUs should evaluate whether behavioral programs like HERs are effective alternatives to energy education and recommends that the IOUs should do this by developing proposals to see if targeting low income households with HERs is more effective than current energy education efforts. Cal Advocates

⁶²⁴ *Id* at 1-20 – 1-23.

⁶²⁵ *Id* at 1-10 – 1-11.

⁶²⁶ *Id* at 1-15.

propose that this effort be funded through the mainstream energy efficiency budget, with any low income specific ME&O through ESA budgets.⁶²⁷

6.11.6.2. TURN

Evaluation of ME&O: TURN recommends that if changes are made after completing the review proposed by Cal Advocates, the IOUs should be required to monitor the impacts, and if the impacts result in a reduction in overall participation or in different customer segments, the changes should be revisited.⁶²⁸

Evaluation of Energy Education: TURN supports Cal Advocates' proposal to evaluate the IOUs' energy education programs, noting that the Commission has launched previous efforts to study the effectiveness of energy education through ESA. Specifically, D.12-08-044 ordered an Energy Education Study (Phase 1) during the 2012-2014 program cycle which resulted in various recommendations. Consequently, D.16-11-022 denied the IOU proposal for a Phase 2 study based on a finding that the utilities failed to implement many of the Phase 1 recommendations, a prerequisite for Phase 2 to measure their effectiveness.⁶²⁹ The IOUs were also directed to coordinate internally to align ME&O strategies and campaigns across the low income and rates proceedings, yet to TURN's knowledge, no follow-up on assessment of the effectiveness of energy education has been made. TURN recommends that the IOUs provide an account of the progress made in implementing the Phase 1 recommendations, and that the scope of the evaluation proposed by Cal Advocates be informed by the utilities' update. TURN recommends that the IOUs consult with an

⁶²⁷ Cal Advocates Intervenor Testimony Ex 1, I-15, and I-16.

⁶²⁸ TURN Rebuttal Testimony of Alice Napoleon, 11.

⁶²⁹ D.16-11-022, A.14-11-007, 171-172.

independent program evaluator to design the study/evaluation, and then propose a study plan for review via the advice letter process. TURN also states that they do not support including households that receive ESA measures in the control group, as this would mean that they do not get instruction on how to use those measures to effectively manage energy use.⁶³⁰

6.11.6.3. La Cooperativa et al.

Evaluation of Energy Education: La Cooperativa et al. claims that the current model of energy education does not allow for enough time in the home and that the energy education module should be re-oriented towards smart technologies, including smart thermostats and use of smart meter data, as well as simple HVAC and appliance maintenance. La Cooperativa et al. also proposes the establishment of an energy education working group.⁶³¹

6.11.6.4. CETF

Coordination with Broadband Outreach and Referrals: CETF states that all the IOUs fail to include outreach to all low income households about affordable internet offers as an innovative way to get households enrolled in ESA,⁶³² asserting that such outreach, done by CETF and its affiliated CBO network would improve penetration of information about ESA, reduce costs for the IOUs, and help to achieve Commission and state mandated goals for treatments.⁶³³ CETF proposes that the Commission order the IOUs to partner

⁶³⁰ TURN Rebuttal Testimony of Alice Napoleon, 8-9.

⁶³¹ La Cooperativa Intervenor Testimony, 7.

⁶³² See *e.g.* CETF Protest to PG&E Application, 2.

⁶³³ CETF Protest to PG&E Application, 2-3.

with experienced CBOs and CETF to reach out to all CARE customers to inform them about their available home internet offers and make referrals to CBOs.⁶³⁴

6.11.7. IOU Responses

6.11.7.1. PG&E

Evaluation of ME&O: PG&E opposes Cal Advocates' recommendation that the IOUs file Tier 2 advice letter within 6 months of this decision describing the results of the proposed evaluation of the ME&O tactics and what actions they will take to adjust their ME&O budgets accordingly because PG&E is already continually managing and optimizing ME&O to improve effectiveness of efforts, and the timing of filing a Tier 2 Advice Letter does not account for new 2021 – 2026 program design or other changes to ESA that may arise from a final decision in this proceeding.⁶³⁵

Home Energy Reports in Lieu of Energy Education: PG&E opposes the use of HERs as an alternative to energy education stating that PG&E would be open to expanding the HERs to more CARE enrolled customers as a behavioral change mechanism, but not as an alternative to ESA energy education offering. PG&E further explains that there are components of energy education which HERs alone cannot do or offer, include helping the customer sign up for YourAccount and Energy Alerts, explaining questions about their bill, educating the customer about rate options, instructing the customer on how to enroll in the medical baseline program, offering behavioral tips based on observations made during the home assessment, advising about payment options and financial assistance programs, and sharing various leave-behind materials.⁶³⁶

⁶³⁴ *Id* at 11.

⁶³⁵ PG&E Rebuttal Testimony of Erik Olsen, I-3-4.

⁶³⁶ PG&E Rebuttal Testimony, Mary O'Drain, 46.

6.11.7.2. SCE

Evaluation of Energy Education: SCE opposes Cal Advocates' request to evaluate whether energy education provides energy and bill savings, because this has already been extensively explored in prior program cycles and that such an assessment as proposed is not technically feasible.⁶³⁷

Evaluation of ME&O: SCE supports utilizing the mid-cycle review process to make any necessary adjustments to the ME&O strategies and budgets after the IOUs have had time to evaluate the need for further continuance of their modified ME&O strategies and budgets. SCE also supports reporting on what ME&O strategies they employ, the costs of those various strategies, and the effectiveness of those strategies on customer enrollment rates in the IOU annual reports.⁶³⁸

6.11.7.3. SDG&E

Evaluation of Energy Education: SDG&E opposes Cal Advocates' recommendation to require the IOUs to track and evaluate the energy education programs to determine if it provides actual bill savings arguing that any energy savings resulting from the educational component of the program are expected to be minimal, very difficult to measure, and such an effort would be expensive with inconclusive results.⁶³⁹

⁶³⁷ SCE Amended Rebuttal Testimony, 13-14.

⁶³⁸ SCE Reply Brief, 15-16.

⁶³⁹ SDG&E Rebuttal Testimony, SN-ESA 9- 10.

6.11.8. Discussion

6.11.8.1. IOUs' ME&O Strategies: Approved with Additional Reporting

We approve the IOUs' overall approach towards a more targeted customer-centric campaign that allows the IOUs to reach their energy savings and participation goals overall. We also support PG&E's use of the advanced propensity model and recommend that all the IOUs use these types of models and segmentation analyses currently incorporated into the CARE ME&O and apply it to ESA.

We reiterate the findings of the 2019 LINA study, which showed that long term CARE participants were more likely to participate in ESA.⁶⁴⁰ Therefore we direct the IOUs to continue to market and outreach to long term CARE customers in conjunction with the prioritized customer segments detailed in Section 6.6.7.1

With regards to energy education, the IOUs shall continue to report and track contractor energy education efforts, which have been found to result in greater HCS improvements.⁶⁴¹ In addition, we direct the IOUs to leverage the contractors' in-home visit and energy education to assist customers with other utility account services, including, but not limited to, online account creation, and enrollment in bill payment plan programs such as Arrearage Management Plans if the customer is eligible, per the recommendations of SCE and PG&E.

The IOUs shall also continue to establish relationships with local organizations, including PG&E's approach with local community action

⁶⁴⁰ 2019 LINA, Volume 1, 31.

⁶⁴¹ *Id* at Volume 1, 45.

agencies, SoCalGas' approach with CBOs, and SDG&E's Energy Solutions Partners network, that have existing relationships with the households.

Lastly, to measure the effectiveness of the IOU campaigns, we direct the IOUs to continue to report ME&O activities in their monthly reports, including two new metrics: 1) whether customers know where to get more information about how to manage their energy use, and 2) whether customers were provided with information and services to help reduce their energy bill. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

6.11.8.2. Evaluation of IOUs' ME&O: Denied

We disagree with Cal Advocates that a re-examination of the IOUs existing ME&O plans is needed because of the Covid-19 pandemic. Given that the IOUs will be required to continuously update their ME&O plans based on metrics tracking, we do not believe this separate evaluation is needed at this time.

6.11.8.3. Evaluation of Energy Education: Denied

We deny Cal Advocates' request to require an evaluation of energy education. We agree with SCE and SDG&E that previous proceedings have discussed and litigated this issue, and instead recommend deferring to the ESA/CARE Study Working Group as to whether an energy education evaluation study is necessary and if so, how it should be designed. We also deny La Cooperativa et al.'s request for a separate energy education working group; instead, we encourage parties to address energy education through the ESA Working Group.

6.11.8.4. Transition to Online Energy Education: Approved

Given the advancement of technology, and with this program's carbon footprint in mind, we direct the IOUs to begin the transition away from hard

copy education booklets and towards customized online energy education modules that customers can access at their ongoing convenience. The online modules shall replace the hard copy education booklets and shall be offered to all customers enrolled into the ESA program except for those that are limited by broadband access or do not have access to online resources. In these instances, the IOUs can provide hard copies.

6.11.8.5. Home Energy Reports In lieu of Energy Education: Denied

We agree that with Cal Advocates that behavioral programs including HERs can provide benefits to low income customers, but these programs should be complementary to ESA program's energy education modules, not replace it. Therefore, we deny Cal Advocates proposal to replace the IOU's ESA program energy education with the HERs. The IOUs shall always complement the energy education component with the household's HERs when feasible.

6.11.8.6. Coordination with Broadband Outreach and Referrals: Approved per Joint Stipulation

As discussed above, we direct the IOUs to coordinate cross-promotion of the LifeLine and affordable broadband programs with current ESA/CARE/FERA marketing efforts. *See* Section 4.3.8.2 for full details per the Joint Stipulation and funding arrangements.

6.12. ESA Referral, Leveraging, Coordination

6.12.1. Background

In terms of referrals, leveraging, and coordination efforts, the IOUs have been directed in the past to work with, data share with, and/or establish MOUs with the CSD, the California LifeLine program, local water agencies, Tribal communities, among other federal, state, and local income-qualified programs. For the 2021-2026 program cycle, the IOUs were asked to review its existing

referral pipeline received from/made to other programs (including CARE, LIWP, and the multifamily programs), address leveraging efforts with the San Joaquin Valley pilot, consider new leveraging efforts for building electrification, discuss lessons learned from existing efforts (including with Tribal, DACs, water agencies, LifeLine, CSD, etc.), and lastly identify additional opportunities.⁶⁴²

6.12.2. PG&E Proposal

PG&E will continue the following strategies from the prior cycle including:

- Continuing to share data with the Commission's Communications Division for enrollment purposes between LifeLine and the CARE and ESA programs.⁶⁴³
- Continuing leveraging efforts and referral with existing PG&E programs and external programs, including CARE, Community Action Plans, pilot projects in the San Joaquin Valley DACs, and through the Multi-Family Affordable Solar Homes Program (MASH).⁶⁴⁴
- Continuing leveraging efforts with CSD by co-funding ESA measures available in-unit to income qualified PG&E multifamily tenants.⁶⁴⁵
- Continuing leveraging activities with identified water wholesalers and retailers.⁶⁴⁶
- Continuing leveraging activities with the SMUD and use the same contractor for their programs.⁶⁴⁷

⁶⁴² Decision 19-06-022 Attachment A, 14-16.

⁶⁴³ PG&E Testimony, II-52.

⁶⁴⁴ *Id* at I-93.

⁶⁴⁵ *Id* at I-97.

⁶⁴⁶ *Id* at I-102.

⁶⁴⁷ *Id* at I-105.

- Coordinating with Redding Energy Utility to reach over 700 homes in that utility's service area.⁶⁴⁸
- Continuing leveraging efforts with Tribal communities and DACs by developing relationships with local Tribal government and administrative staff to help communicate with Tribal members and promote the programs.⁶⁴⁹

6.12.3. SCE Proposal

SCE's will continue the following strategies from the prior cycle including:

- Leveraging with other utility providers including SASH and DAC-SASH, SOMAH, water agencies, LIWP, and LIHEAP.⁶⁵⁰
- Partnering with Metropolitan Water District to share costs on providing other measures such as shower heads, faucet aerators, and heat pump water heaters.⁶⁵¹
- Pursuing a data sharing agreement with CSD to ensure overlapping enrollment between LIHEAP and ESA.⁶⁵²
- Leveraging ESA for qualified San Joaquin Valley pilot participants, using a single contractor to install all San Joaquin Valley pilot and ESA measures in a given community, and using the ESA program's self-certification approach to determine pilot participants' income eligibility to receive ESA measures.⁶⁵³

6.12.4. SoCalGas Proposal

SoCalGas will continue the following strategies from the prior cycle including:

- Continuing to share data and joint enrollment efforts with SCE.⁶⁵⁴

⁶⁴⁸ *Id* at I-106.

⁶⁴⁹ *Id* at I-95.

⁶⁵⁰ SCE Prepared Testimony, II- 67.

⁶⁵¹ *Id* at II-68.

⁶⁵² *Id* at II-69.

⁶⁵³ *Id* at II-69.

⁶⁵⁴ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 105.

- Continuing co-funding and leveraging partnerships with the CSD,⁶⁵⁵ Los Angeles Department of Water & Power, Anaheim Public Utilities, Colton Public Utilities, Pasadena Water & Power, and Riverside Public Utilities.⁶⁵⁶
- Continuing leveraging efforts and referral with existing SoCalGas programs and external programs, including CARE,⁶⁵⁷ multifamily programs via SPOC,⁶⁵⁸ and pilot projects in the San Joaquin Valley DACs.⁶⁵⁹
- Continuing co-funding relationships with various water agencies including Anaheim Public Utilities, California American Water, Eastern Municipal Water District, Elsinore Valley Municipal Water District, Fontana Water Company, Irvine Ranch Water District, Liberty Utilities, Metropolitan Water District, Moulton Niguel Water District, San Gabriel Valley Water, and Western Municipal Water District.⁶⁶⁰

6.12.5. SDG&E Proposal

SDG&E will continue the following strategies from the prior cycle including:

- Continuing leveraging efforts and referral with existing SDG&E programs and external programs, including CARE, SOMAH, Multifamily Energy Efficiency Rebates program, and SPOC.⁶⁶¹
- Continuing leveraging with CSD.⁶⁶²

⁶⁵⁵ *Id* at 107.

⁶⁵⁶ *Id* at 105-106.

⁶⁵⁷ *Id* at 107.

⁶⁵⁸ *Id* at 108-110.

⁶⁵⁹ *Id* at 110-111.

⁶⁶⁰ *Id* at 115-116.

⁶⁶¹ SDG&E Testimony, SN-ESA 73-74.

⁶⁶² *Id* at SN-ESA 74.

- Continuing co-funding relationships with the San Diego County Water Authority.⁶⁶³
- Continuing existing partnership with the San Diego County Health and Human Services Agency.⁶⁶⁴

6.12.6. Party Positions

6.12.6.1. CforAT

Coordinate/Leverage with SGIP: CforAT specifies that coordination with SGIP is a high priority for customers with medical needs that require reliable access to electricity, and particular those customers who live in areas at ongoing risk of extended power losses due to deenergization.⁶⁶⁵

6.12.7. Discussion

6.12.7.1. IOUs' Referral, Leveraging, and Coordination Efforts: Approved

We direct the IOUs to continue their referral, leveraging, and coordination relationships as detailed above, including the ongoing relationship with CSD to provide funding for measures common to the ESA and LIWP programs, should CSD desire to continue and/or extend the relevant agreements.

6.12.7.2. Coordinate/Leverage with SGIP: Approved

We agree with CforAT that the IOUs should coordinate with SGIP to assist customers at risk for deenergization, especially as the IOUs have identified customers who live in Public Safety Power Shutoff (PSPS) and wildfire zones as priority to target and treat. Therefore, we direct the IOUs to coordinate with SGIP, as well as other programs aligned with prioritized customer segments, as described below in the advice letter requirements.

⁶⁶³ *Id* at SN-ESA 80-81.

⁶⁶⁴ *Id* at SN-ESA 82.

⁶⁶⁵ CforAT Comments to June 25, 2020 ALJ Ruling, 7-8.

6.12.7.3. Workshop on Coordinating with Clean Energy Programs: New

In addition to the efforts above, and to establish effective coordination efforts among low income and clean energy programs, we direct the IOUs hold a public workshop, within 120 days after the approval of the decision, among the IOUs and other low income and/or clean energy program administrators (at a minimum to include ESA, CARE, FERA, SGIP, SOMAH, Arrearage Management Plan (AMP), Percentage of Income Payment Plan (PIPP), CSD low income assistance programs, DAC programs). *See* Section 6.2.3.4 for purpose and requirements of this workshop.

6.13. ESA Workforce, Education and Training

6.13.1. Background

The ESA program has a long history of promoting workforce, education and training (WE&T) efforts in support of the statutory requirements for contractors to utilize and employ people from the local area and provide local job training.⁶⁶⁶ For the 2021-2026 program cycle, the IOUs were asked to discuss what workforce development opportunities or efforts were being provided or should be provided to support the existing ESA workforce and ensure hiring within local communities, especially those within DACs.⁶⁶⁷

6.13.2. PG&E Proposal

PG&E proposes to update its WE&T program administered by PG&E's technical specialists for ESA contractors with requirements for new measures, customer need states and customer education.⁶⁶⁸

⁶⁶⁶ Public Utilities Code 327.

⁶⁶⁷ Decision 19-06-022, 12.

⁶⁶⁸ PG&E Testimony, I-21.

New and Existing Training: These efforts include:

- Specific training provided to contractors to familiarize themselves with the reports and pilot since they will be the primary channel for enrollment.⁶⁶⁹
- New curriculum included to cover potential risks and challenges that the new activities outlined for the first ESA contractor visit may present, including contractor confusion about the customer need states, determining the validity of the need state, and the corresponding requirements and feasible conditions for measure installation.⁶⁷⁰

Focus on Hiring from Within Local Communities, Specifically DACs:

These efforts include:

- Notifying local and regional workforce development organizations about ESA employment opportunities in their areas, who would then communicate opportunities to people who are seeking work.⁶⁷¹
- Requesting that bidders (in the multifamily program solicitation) define local hiring practices and engagement with local job training programs for placement into job opportunities, prior to listing with the public.⁶⁷²
- Requesting that bidders (in the multifamily program solicitation) explore other opportunities to encourage workforce development including requiring building operator training, pathways to employment for members of low income or disadvantaged communities participating in local job training programs, and coordinating and leveraging relationships with workforce development and contractor associations.⁶⁷³

⁶⁶⁹ *Id* at I-70.

⁶⁷⁰ *Id* at I-70-71.

⁶⁷¹ *Id* at I-72.

⁶⁷² *Id* at I-167.

⁶⁷³ *Ibid.*

- Encouraging third party vendors to provide supplemental training of subcontractors or full training of its workforce if applicable.⁶⁷⁴

WE&T Funding Source: PG&E is not requesting any ESA funds to support its WE&T program.

6.13.3. SCE Proposal

SCE proposes to combine all its local energy efficiency training into one program (including both mainstream energy efficiency and ESA), focusing on all demand-side management and greenhouse gas reduction technologies.⁶⁷⁵

Third Party Solicitation: SCE proposes to have its WE&T program designed and delivered by a third party selected through an open and competitive solicitation process stating that a third-party approach will better engage and serve the programs and customers.⁶⁷⁶ SCE states that benefits to consolidating all its local WE&T efforts include a greater range of potential job growth and career-ladder development for energy efficiency workers, a greater focus on training and educating workers located in historically under-served areas such as DACs, with the additional benefit of participation and review by the LIOB.⁶⁷⁷

New and Existing Efforts: The WE&T program and efforts will include:

- Supporting a more robust workforce that can better serve SCE's customers.⁶⁷⁸

⁶⁷⁴ PG&E Testimony, I-185

⁶⁷⁵ SCE Prepared Testimony, IV- 2.

⁶⁷⁶ *Id* at IV-8.

⁶⁷⁷ *Id* at IV-2.

⁶⁷⁸ SCE Application, 6.

- Providing community employment benefits.⁶⁷⁹
- Creating opportunities for career growth.⁶⁸⁰
- Working with community colleges and trade schools, community-based organizations, workforce development boards, and others to develop curriculum and design programs to deliver the training.⁶⁸¹
- Providing training to individuals to properly install, commission and maintain equipment.⁶⁸²

Focus on Hiring from Within Local Communities, Specifically DACs: SCE does not identify any specific strategies regarding hiring efforts within the local communities, other than stating that it is committed to workforce development for a clean energy economy targeted to low income and DACs.⁶⁸³

WE&T Funding Source: SCE is requesting to shift \$30 million to support the ESA portion of the WE&T program, from the mainstream energy efficiency budget to the ESA budget. SCE states that this will allow them to consolidate some of its services for customers in DACs and align its effort more closely with the ESA program.⁶⁸⁴

6.13.4. SoCalGas Proposal

Third Party Solicitation: SoCalGas proposes to use a third party implementer to identify skills and competencies, develop curriculum, create a career pathway and potential ladders of opportunities in the ESA program and the energy efficiency sector.

⁶⁷⁹ *Ibid.*

⁶⁸⁰ *Ibid.*

⁶⁸¹ SCE Prepared Testimony, IV-8.

⁶⁸² SCE Application, 10.

⁶⁸³ SCE Prepared Testimony, I-13.

⁶⁸⁴ SCE Prepared Testimony, IV-10-11.

New and Existing Efforts: These include:⁶⁸⁵

- Expanding training offerings of online soft skills training.
- Working with the SoCalGas mainstream energy efficiency WE&T program.
- Exploring the feasibility of coordinating with other existing job training programs/centers for minority and disadvantaged groups.

Focus on Hiring from Within Local Communities, Specifically DACs:

SoCalGas proposes developing a three year WE&T program for workers in DACs similar to the Los Angeles Trade Tech College's Utilities Construction Prep program. SoCalGas would use a 3P implementer to provide administration, student recruitment, class materials, tuition, and job placement with existing ESA contractors.⁶⁸⁶

WE&T Funding Source: SoCalGas is requesting \$6.5 million to support its WE&T program to be funded from the ESA program.

6.13.5. SDG&E Proposal

Leveraging with Energy Efficiency: SDG&E proposes to fully leverage the existing mainstream energy efficiency WE&T program which offers energy efficiency education to incumbent and potential workers and customers so that they may recognize and act on opportunities to save energy. The program primarily focuses on upskilling incumbent workers, but the new Career & Workforce Readiness (CWR) program will address the unique needs of the disadvantaged worker.

New and Existing Efforts: These efforts include:⁶⁸⁷

⁶⁸⁵ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 74-78.

⁶⁸⁶ SoCalGas ESA Testimony, 74-75.

⁶⁸⁷ SDG&E Testimony, SN-ESA 64-65.

- Increasing awareness of and appreciation for energy efficiency jobs.
- Increasing awareness of workforce development organizations' services and programs.
- Including relevant and current energy efficiency content with a focus on adult learning best practices to impart technical knowledge and skills.
- Providing solutions that incorporate training programs and services across all IOU territories to address the unique needs of disadvantaged workers and local economies.
- Leveraging workforce development organizations' social services to address participants' unique barriers to program participation and employment.
- Creating opportunity for "high road" employment.
- Preparing participants to support the IOUs energy efficiency and low income resource programs.

Focus on Hiring from Within Local Communities, Specifically DACs:

SDG&E states that the energy efficiency WE&T CWR program will offer a formalized and easily accessible WE&T sub-program that will focus on disadvantaged workers, leverage and complement existing social services (soft skills, case management, job placement), allow direct access to employment and/or energy education pathways via workforce development organizations (community colleges, apprenticeship programs, workforce development boards, non-profits), and provide new and skilled members of the energy efficiency workforce a path to future employment supporting IOU resource programs.⁶⁸⁸

WE&T Funding Source: SDG&E proposes that WE&T efforts will be funded from the mainstream energy efficiency WE&T budget, and not the low income programs.

⁶⁸⁸ *Id* at SN-ESA 131.

6.13.6. Party Positions

6.13.6.1. Joint Parties

The Joint Parties propose the following to improve the workforce quality, access, and growth for workers, stating that making these improvements will not only support a growing strong workforce but will also improve the quality of installations, thereby supporting the state's climate goals.⁶⁸⁹ These new efforts include:

Improving the Type/Quality of Training:

- Aligning ESA training with established curricula, which provides the flexibility for different program needs while providing participants with an industry recognized credential.
- Solidifying and formalizing the role of ESA as entry level earn-as-you-learn energy efficiency training.

Forming Partnerships:

- Aligning with the California Workforce Development Board's Energy, Climate, and Jobs initiatives to pursue how the ESA program can contribute to equitable high-road workforce development.
- Establishing formal partnerships and hiring agreements between utilities, efficiency contractors, apprenticeship, or community college programs and ESA contractors to ensure commitments to integrating ESA into broader workforce education and training infrastructure and the broader energy efficiency industry.
- Partnering with organizations who can provide case management, placement, and tracking services to support workers in accessing more advanced energy efficiency jobs and ensure that the broader energy efficiency field in California is able to pull qualified workers from ESA.
- Partnering with CBOs providing or able to provide wrap around services to targeted populations who are under-represented in

⁶⁸⁹ Joint Parties Testimony of Betony Jones, 20-34.

efficiency work or who are members of disadvantaged communities.

Ensuring Adequate Wages:

- Establishing a living wage floor for all ESA workers.
- Calibrating additional requirements with increased compensation for ESA contractors to meet new requirements, and institute an enforcement mechanism.
- Immediately implementing a system to track all ESA workers' starting wages and career and compensation trajectories for at least three years.

6.13.6.2. Cal Advocates

WE&T Funding Source: Cal Advocates opposes SCE's proposal to transfer WE&T funding from its energy efficiency portfolio to its low income qualified programs portfolio arguing that 1) SCE fails to provide adequate support for why benefits cannot be realized under the current funding mechanism, and 2) the proposal would eliminate the ratepayer protection of a cost-effectiveness analysis (by artificially inflating its mainstream energy efficiency portfolio's overall cost-effectiveness through excluding these costs from the mainstream energy efficiency portfolio).⁶⁹⁰ Cal Advocates states that this shift would lead to significantly less oversight of WE&T costs and effectiveness in ESA, given the current lack of a cost-effectiveness threshold requirement, and therefore should be rejected

6.13.6.3. EEC

WE&T Funding Source: EEC questions whether SCE's recommendation to use ESA funds to train non-low income individuals to perform non-low income work is a reasonable use of funds marked specifically to benefit low income

⁶⁹⁰ Cal Advocates Amended Testimony, 1-20.

communities. EEC states what while SCE envisions focusing training in disadvantaged communities, it is not clear how they will ensure ESA funds are used for their intended purpose, and should therefore be rejected.⁶⁹¹

6.13.6.4. Free Energy Savings Company

Free Energy Savings Company proposes the following to secure a more quality workforce for the ESA program:⁶⁹²

Aiding Prior to Hiring: Free Energy Savings proposes that prospective utility outreach specialists receive training and certification as part of the job training programs *prior to* ESA hiring, and that they be assisted with securing their legally mandated listing on the Home Improvement Salesperson Registry by the California Contractors State Licensing Board as part of the pre-hiring job training.

Reimbursing Training/ Certification Fees: Free Energy Savings proposes that contractors receive assistance with payments for training or certification fees or offered forgivable loans, with the IOU or the hiring ESA contractor reimbursing them for such fees.⁶⁹³

Modifying Background Checks: Free Energy Savings Company requests that regulations and contract restrictions with respect to hiring ex-offenders in the ESA program be reviewed for reasonableness with the intent of keeping restrictions only on those which clearly should not be welcomed.⁶⁹⁴

Ensuring Adequate Wages: Free Energy Savings Company requests that ESA contractors be provided with assurances that the per unit reimbursements

⁶⁹¹ EEC Protest to SCE application, 6.

⁶⁹² Free Energy Savings Company Testimony, 2-4.

⁶⁹³ *Ibid.*

⁶⁹⁴ Free Energy Savings Company Testimony, 4-5.

will be increased at the same rate as that being provided to the IOUs, allowing the contractors to make long term investments in staffing, equipment, and other infrastructure, which will allow contractors to assure employees of regular cost of living increases over time.⁶⁹⁵

6.13.6.5. TURN

Modifying Background Checks: TURN recommends that the Commission evaluate the ESA contracts used by the IOUs and their prime contractors to consider the reasonableness and legality of terms related to background checks, as well as their alignment with the Commission's environmental and social justice action plan. TURN also recommends that the Commission adopt policies related to the use of background checks with an opportunity for public input in the development of such policies.⁶⁹⁶ To support this recommendation, TURN notes that the Commission recently addressed criminal background check requirements in contracts between utilities and third party energy efficiency program implementers and adopted standard contract terms regarding background checks for employees of third party program implementers that will have access to the utility's assets, premises, or customer property.⁶⁹⁷

6.13.7. IOU Responses

6.13.7.1. PG&E

Aiding Prior to Hiring: PG&E opposes Free Energy Savings Company's recommendation regarding utility outreach specialist training and certification,

⁶⁹⁵ *Id* at 6.

⁶⁹⁶ TURN Rebuttal Testimony of Hayley Goodson, 2-4.

⁶⁹⁷ D.18-10-008, *Decision Addressing Workforce Requirements and Third Party Contract Terms and Conditions*, 33-34.

claiming that PG&E already provides this training (although not prior to hiring) early in the onboarding process as a stand-alone, self-paced training.

Reimbursing Training/ Certification Fees: PG&E also opposes Free Energy Savings Company's recommendation to reimburse trainee certification and fees prior to employment based on low completion rates for the ESA program onboarding class with those already employed.

Modifying Background Checks: PG&E agrees in part with Free Energy's recommendation regarding ex-offenders and proposes that modifications related to background checks be based on the current direction for energy efficiency contractors as ordered in D.18-10-008, later corrected in D.19-07-016, where the IOUs would require proposed standard term background checks of third-party employees or representatives who have direct contact with IOU facilities or assets, and/or access to customer premises. The standard background check would not result in a lifetime ban but considers the individual's court record for the seven year period immediately preceding the individual's date of hire. D.18-10-008 also scales back terms for third-party employees and contractors to be appropriate to the job task to avoid barriers for disadvantaged workers.⁶⁹⁸

6.13.7.2. SDG&E

Joint Parties' Proposals: SDG&E claims that many of the Joint Parties' recommendations 1) are duplicative of existing efforts in the mainstream energy efficiency proceeding, 2) have already been studied and/or litigated in the mainstream energy efficiency proceeding, 3) are outside the bounds of utility responsibility, and 4) would add an expensive burden to a program that is already struggling with cost effectiveness. SDG&E reiterates that the mission of

⁶⁹⁸ PG&E Rebuttal Testimony, I-48-50.

its WE&T program is to facilitate, support and provide subject matter expertise for the transfer of energy efficiency knowledge and skills to the industry across all sectors, balancing the needs of the state, customers, and community. SDG&E further notes that workforce development and job creation activities are not core functions of utility energy efficiency programs as other organizations and agencies receive taxpayer funds to provide these services, and therefore it would not be in the best interest of rate payers to duplicate services. With regards to the Joint Parties' proposals on prevailing wages and hiring requirements, SDG&E recommends that studies and outcomes from the mainstream energy efficiency proceeding be considered when determining the reasonableness of the recommendations.⁶⁹⁹

6.13.7.3. SCE

Modifying Background Checks: SCE agrees with PG&E's proposal that require ESA contractors with direct contact to customer premises and/or data be subject to the standard background check outlined in D.18-10-008 and corrected in D.19-07-016, with those background checks applying to court records within the seven years immediately preceding the date of hire.⁷⁰⁰

6.13.8. Discussion

6.13.8.1. IOUs' WE&T Programs: Approved with Modifications

The Commission acknowledges that the ESA contractor workforce is the backbone of the program and contributes largely to the success of the program and the achievements of program goals. In this decision, we authorize portfolio budgets for the ESA program through PY 2026 which extends equitable

⁶⁹⁹ SDG&E Rebuttal Testimony, SN-ESA 28-32.

⁷⁰⁰ SCE Reply Brief, 11-12.

opportunities to the workforce. The WE&T strategies approved here are intended to develop a better skilled workforce that will help the IOUs achieve the goals set out in this decision, bring about efficiencies to program implementation, and create greater trust with the customers and communities it serves.

With that, we approve the IOUs' overall WE&T efforts with modifications and new reporting metrics. We will also require the IOUs to incorporate training related to the new tiered measure offerings by customer segments/ need state to ensure that all contractors are well versed in distinguishing which tier might best fit the customer prior to the in home visits. Although this type of training is specific to the new ESA design, the IOUs shall ensure that all the training provided builds upon existing soft and technical skills and promotes direct access to employment (to ESA and the broader energy efficiency industry). The IOUs shall also explore the feasibility of coordinating with other existing job training programs, centers, or community colleges to target WE&T efforts towards low income areas and DACs. This includes emulating individual IOUs' WE&T plans for their territories, such as PG&E's Energize Colleges program, and SoCalGas' effort to coordinate with the Employment Development Department's One Stop Career Centers, for consideration by the other IOUs in their territories. We also direct the IOUs to inquire of potential bidders how the ESA program can facilitate the hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as any new metrics to track these efforts.

We go further and direct the IOUs to leverage fully the statewide CWR program. Approved as a statewide program through D.18-05-041, the CWR program's primary objective is to prepare and place disadvantaged workers for

the energy efficiency workforce. CWR will target workers in disadvantaged areas with specific training, as well as partner with organizations that provide training and job-related services.

Lastly, we direct the IOUs to include the following metrics related to WE&T that are currently reported through the IOUs' main energy efficiency annual reports, in the ESA annual reports, in support of the Commission's effort to increase workforce opportunities for workers in disadvantaged areas. The monthly and annual reporting templates to be approved by Energy Division will provide the details of the reporting criteria.

- Percent of incentive dollars spent on contracts with a demonstrated commitment to provide career pathways to disadvantaged workers.
- Number of CWR participants who have been employed for 12 months after receiving the training.
- Percent of total WE&T training program participants that meet the definition of disadvantaged worker.

6.13.8.2. WE&T Funding Source: Denied for SCE and SoCalGas

We deny SCE's request to transfer the funding of WE&T efforts from the mainstream energy efficiency budget to the ESA program because it is inconsistent with what the other IOUs have proposed, and what we have approved for WE&T funding. Through their individual mainstream energy efficiency business plans, the IOUs have collectively proposed about \$25 million per year for WE&T efforts for PYs 2018-2025, with the specific amounts determined in their annual budget advice letters.⁷⁰¹ We agree with Cal Advocates and EEC that SCE has not adequately justified why all WE&T funding should be

⁷⁰¹ The IOUs business plans are available at <https://www.caeccc.org/business-plans-1>.

part of the ESA budget, as opposed to the mainstream energy efficiency WE&T budgets. We reaffirm that the mainstream energy efficiency portfolio remains to be the more appropriate source for the majority of WE&T budgets, including the ESA WE&T efforts. Similarly, we deny SoCalGas' request to support its WE&T program from the ESA program, as it duplicates the existing statewide CWR program.

6.13.8.3. Joint Parties' Proposals: Approved in Part

We appreciate the Joint Parties' substantial comments on how the IOUs can support WE&T within the ESA program. We agree with their recommendations regarding the establishment of partnerships with educational and employment organizations that provide and coordinate delivery of services to potential and current members of the ESA workforce. Additionally, we direct the IOUs to comply with the following additional efforts:

- Alignment with the California Workforce Development Board's Energy and Climate Jobs initiatives.
- Alignment of ESA training with the Multi-Craft Core Curriculum.
- Establishment of formal partnerships between the IOUs, contractors, apprenticeships, and community college programs to better integrate ESA into energy efficiency workforce education, as well as organizations that provide services to assist in developing ESA workers into more advanced positions, and CBOs that provide services to assist those in DACs or who are underrepresented.

However, we deny the Joint Parties' proposal of calibrating additional program requirements with increased compensation for ESA contractors, or implementing a system to track all ESA workers' wages and compensation trajectories.

6.13.8.4. Establishing A Living Floor Wage: Denied

While the Commission is interested in ensuring a quality workforce for the program, we decline establishing a living floor wage for all ESA workers at this time. The potential territorial or geographic inequities in setting such statewide and program wide wage requirements and its impacts are unknown. Therefore, we will consider this issue further in the future. We also deny Free Energy Savings Company's request to require the Commission to assure that all per unit reimbursements increases are passed on at the same rate as that being approved for the IOUs in our decisions. Lastly, we deny the request to track ESA contractors' employees' compensation at this time, and Energy Division staff may request this information through a data request. The Commission wants to ensure fair compensation for these employees, and the tracking of such information would be useful for evaluating future options.

6.13.8.5. Aid Prior to Hiring: Denied

We deny Free Energy Savings Company's recommendations regarding pre-hiring training as it is redundant and agree with PG&E that such training is unnecessary given that they already provide training early in the ESA contractor employment process.

6.13.8.6. Reimbursing Training/ Certification Fees: Denied

We deny Free Energy Savings Company's request for reimbursement of training and certification fees and agree with PG&E that this request is not a good use of ratepayer funds, given the low rate of course completion.

6.13.8.7. Modifying Background Checks: Approved with Modifications

We approve in part Free Energy Company's recommendation regarding ex-offenders and modify the policy related to background checks for the ESA

program to be consistent with the current direction for energy efficiency contractors as ordered in D.18-10-008 and corrected in D.19-07-016. We direct the IOUs to include the following changes in their agreements with contractors: requiring standard term background checks of third-party employees or representatives who have direct contact with IOU facilities or assets, and/or access to customer premises, where an individual's court record for the seven year period immediately preceding the individual's date of hire would be considered.

6.14. ESA Program Solicitation/Contracting

6.14.1. Background

Decision 19-06-022 asked the IOUs to list the solicitations, including whether they were standard competitive or third-party solicitations for the 2021-2026 program cycle. The IOUs were also asked about other contract terms and timelines. This section will focus on the solicitation and contracting proposals for the main ESA program, as the multifamily whole building program will be discussed in Section 7 and Attachment 4.

6.14.2. PG&E Proposal

PG&E proposes to conduct competitive solicitations for the implementation of the ESA program with a PRG and IE similar to the main energy efficiency's third-party solicitation process outlined in D.18-01-004.⁷⁰² PG&E also plans a two-part RFP process, consisting first of a written bid, and second, interviews with the bidders.⁷⁰³ PG&E expects the process to take

⁷⁰² PG&E Testimony, I-189.

⁷⁰³ *Id* at I-192.

between 9 to 11 months.⁷⁰⁴ PG&E proposes to maintain the design and administration of the program in house.

6.14.3. SCE Proposal

SCE proposes to conduct competitive solicitations for the implementation of the ESA program and electrification pilots.⁷⁰⁵ SCE does not plan to use a PRG or IE, is planning for a one-stage RFP process, expects the RFP process to take 7 to 9 months, and the full process to take 12-18 months.⁷⁰⁶ SCE proposes to maintain the design and administration of the SCE ESA program in house.⁷⁰⁷

6.14.4. SoCalGas Proposal

SoCalGas proposes to conduct competitive solicitations for the implementation of the ESA program by service bundles: in-person outreach, energy education, assessment, and simple measures; infiltration measures and NGAT; water measure installation; attic insulation; gas appliance assessment, repair, and replacement; specialized appliance delivery; and inspections.⁷⁰⁸ SoCalGas will refine or introduce other service bundles as needed and does not plan to use a PRG or IE. SoCalGas proposes to maintain the design and administration of the program in house.

6.14.5. SDG&E Proposal

SDG&E proposes to conduct competitive solicitations for the implementation of the ESA program and the IT/online audit and program

⁷⁰⁴ *Id* at I-198.

⁷⁰⁵ SCE Prepared Testimony, II- 90.

⁷⁰⁶ SCE Prepared Testimony, II- 94 and 96.

⁷⁰⁷ *Id* at II- 92.

⁷⁰⁸ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 156.

delivery platform,⁷⁰⁹ but proposes to maintain the design and administration of the program in house.

6.14.6. Party Positions

6.14.6.1. Cal Advocates

Third Party Solicitations: Cal Advocates propose that the Commission require the IOUs to implement a third-party procurement mechanism for the whole ESA program to promote greater competition and transparency for bidders, reduce unduly high measure costs, and encourage innovation to a greater extent than the current ESA procurement process.⁷¹⁰ The ESA program would then be proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator, while the IOUs' role would be limited to running solicitations and providing advice on program design after third-party bids have been solicited.

Cal Advocates state that third-party programs are superior to the current model where the IOUs serve as both the administrator and implementer because they 1) address the lack of adequate oversight in the current model, which disincentivizes cost containment and strict oversight by allowing contractors to be the party responsible for implementing the program and verifying their own program performance, 2) ensure cost-competitive pricing, transparency, and oversight in the delivery of ESA measures to customers, and 3) align with the goal to encourage deeper energy savings per household because they would enable new program designs proposed by third-party bidders and encourage new market entrants.

⁷⁰⁹ SDG&E Testimony, SN-ESA 142.

⁷¹⁰ Cal Advocates Testimony Exhibit 4, 5-8.

Cal Advocates state that to further promote effectiveness and transparency, the Commission should order oversight of the third-party programs using a PRG and IE. Cal Advocates recommend that the Commission establish a reasonable timeline for phasing in the third-party procurement mode to allow adequate time for the IOUs to transition from the current programs and for the Commission and stakeholders to identify how to adopt or adapt third-party program rules to the ESA program. Therefore, the Commission should require the IOUs to complete solicitations for all single-family and mobile home ESA programs within 24 months of the Commission's approval of the final decision. This process should include both resource and non-resource measures, though goals will have to be carefully selected for HCS targets for non-resource measures. These solicitations should include a two-step process, including both a request for abstracts and a request for proposal stage.

The Commission should also require that the IOUs file Tier 2 advice letters within 90 days after the approval of this decision. These advice letters should contain the timeline for completing each of the required steps in the third-party solicitation process, including the engagement of the IEs and PRG, timing of request for abstracts/proposals, and the deadlines for contract advice letter filings. The advice letters should define the solicitation categories, including detailed descriptions of the IOU regions, household types, and other proposed solicitation categories.⁷¹¹

6.14.6.2. EEC

EEC proposes that agreements between the IOUs and contractors should have minimum production language, instead of maximum production language.

⁷¹¹ *Id* at Exhibit 4, 5-8.

EEC believes that contractors will benefit by going beyond a set number of treatments, rather than having to not exceed that same number.⁷¹²

6.14.6.3. TURN

Third Party Solicitations: TURN supports a third-party procurement mechanism with increased oversight for both procurement of measures and procurement of program implementation services. For measure procurement in particular, TURN recommends that the IOUs explore statewide procurements to obtain greater economies of scale, or at a minimum look for opportunities to coordinate or leverage procurement across the mainstream energy efficiency portfolio and ESA.⁷¹³

6.14.7. IOU Responses

6.14.7.1. PG&E

Third Party Solicitations: PG&E states that it is already proposing to outsource program delivery to a third party and opposes the solicitation of the whole ESA program because the IOUs should be able to leverage its experience in ESA program administration.⁷¹⁴ PG&E also states that they are already proposing the use of the PRG/IE model to ensure a fair, unbiased, transparent, and rigorous solicitation process from RFP design, through bidder evaluation, to contract negotiation.⁷¹⁵

6.14.7.2. SDG&E

Third Party Solicitations: SDG&E supports the IOUs administering the ESA program in their local territories, with third parties selected to design,

⁷¹² EEC testimony of Allan Rago, 18.

⁷¹³ TURN Opening Brief, 55-56.

⁷¹⁴ PG&E Rebuttal Testimony, Jungbluth, I-20.

⁷¹⁵ *Id* at I-19.

propose, and deliver the program based on outsourcing parameters established in D.18-01-041.⁷¹⁶ However SDG&E disagrees with the arguments made by Cal Advocates regarding the procurement processes and structure stating that they are overly burdensome, add administrative difficulty and cost to the programs, and impacts cost effectiveness.

6.14.8. Discussion

We first identify and clarify the different types of solicitations and procurement options that are proposed and discussed in this decision:

- Closed Competitive Bidding: Solicitation requests to a prequalified or preapproved list of bidders.
- Open Competitive Bidding: Solicitation requests open to any qualified bidder.
- Modified third-party solicitation process: Solicitation requests leaving open only certain components for design and delivery to be proposed by third-parties and is open to any qualified bidder.
- Third-party solicitation process:⁷¹⁷ Solicitation requests where all aspects are proposed by third-parties and is open to any qualified bidder.

6.14.8.1. Open Competitive Bidding: Approved with Modification

We approve with modifications SCE, SDG&E, and SoCalGas' requests to perform competitive solicitations for the implementation and/or program delivery of the ESA program and will require all IOUs proposing to issue solicitations for ESA implementation and/or program delivery to use an open competitive bidding process. The IOUs shall establish new ESA program implementation/delivery contracts to reflect updated components of the ESA

⁷¹⁶ SDG&E Rebuttal Testimony, SN-ESA-20.

⁷¹⁷ The third-party solicitation process is defined by D.16-08-019 and, at this time, the processes set forth in D.18-01-004 and D.18-10-008.

program approved in this decision using an open competitive process. The open competitive bidding process must include posting RFPs as open to all qualified entities, beyond the existing ESA contractor workforce. Notification to a larger pool of bidders can provide competitive ESA contractor pricing and potentially address Cal Advocates' concerns about varying measure costs among IOU current program implementers.

Regarding oversight, we are not convinced that a PRG and IE is required for the single family and mobile home components of the ESA program given the added cost and complexity that may not be necessary at this stage. Therefore, we deny PG&E's request to use a PRG and IE. This decision is clear on the design, implementation and goals of the single family and mobile home components of the program, unlike the multifamily whole building program which remains to be developed and finalized. We are confident that there is enough transparency and oversight with the additional processes and reporting requirements put in place through this decision to address Cal Advocates' concerns.

6.14.8.2. Third Party Solicitation: Denied

We deny Cal Advocates' proposal to implement a third-party procurement mechanism for all aspects of the ESA program, which would outsource the program design, implementation, delivery, and require a PRG and IE to oversee the solicitation process. We find that a third party solicitation process for the full ESA program may not be appropriate given the maturity of the ESA program, unlike the multifamily whole building program that is still being designed and developed. Additionally, given that the design of the program has already been determined through this decision, little remains for a third party to add. A third party solicitation may also cause delays, overlook efficiencies offered by IOU

management and expertise, and potentially add costs and administrative burden to the program.

Our approval of an open competitive bidding process will be sufficient in encouraging competition. We also provide additional guidance to add transparency and create alignment which meets the spirit of Cal Advocates' proposal. We note that all the IOUs already propose to solicit and contract with an outside party for certain components of the ESA program, mainly implementation and outreach, with the design and administration components remaining in-house at the IOU. Therefore, the approach proposed by the IOUs, and approved in this decision is reasonable.

6.14.8.3. Requirements for All Solicitation Processes: New

We require the IOUs, in attracting a broad pool of entities to bid in response to solicitations for the ESA portfolio in-home programs' and pilots' design, delivery, and/or implementation, to jointly communicate to the proceeding service list within 90 days after the approval of this decision a) projected solicitation timing, b) an overview of stages/process the solicitation will follow, c) the platforms/websites bidders can expect to find, or be alerted of upcoming solicitations, d) any other already known contract scope, bidder eligibility requirements, or other information to help potential bidders prepare and e) whether a PRG and IE will be used in the solicitation process. If there are new solicitation opportunities during the program cycle, the IOUs shall provide a timely update to the proceeding service list. For finalized contracts, the IOUs must comply with D.18-01-004 Attachment A Standard Contract Terms.

To create statewide alignment, the IOUs shall include the following questions⁷¹⁸ to bidders in any request for proposals which cover solicitations for the ESA programs' delivery and/or implementation, including in-home programs and pilots:

- How the ESA WE&T objectives described in Section 6.13 will be met, including the hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as any new metrics to track these objectives.
- Where applicable, a payment term structure that reflects the program design shift away from a number of homes treated goal to the portfolio energy savings goal, including deeper energy savings per household.
- How to provide quality of service to the customer, including managing customer expectations on what measures/benefits they will receive at what program phase.
- How community input will be incorporated to develop ideas that increase customer willingness to participate, are practical to implement, and will result in high quality of service from the customer's perspective.

Lastly, we deny EEC's request to revise contract terms, as the Commission cannot authorize the IOUs' spending on contractors to exceed approved budgets. Additionally, the Commission does not intend to enter into direct agreement with contractors or plan to micromanage the IOU contract terms so long as the terms comply with this decision and work towards achieving the program goals.

⁷¹⁸ These questions may be adjusted to match scoring criteria or other request for proposal objectives.

6.15. ESA Budgets

6.15.1. Background

Table 12 provides a summary of the average annual budgets authorized (for PYs 2017-2020), spent (for PYs 2017-2020), and proposed (for PYs 2021-2026) by IOU.

**Table 12: Average Annual ESA Budgets
(Authorized, Spent, Proposed)**

IOU	AUTHORIZED (2017-2020)		SPENT (2017-2020)		PROPOSED (2021-2026)	
	Avg. Annual Budget	Avg. Annual Budget / HH	Avg. Annual Budget	Avg. Annual Budget / HH	Avg. Annual Budget	Avg. Annual Budget / HH
PG&E	\$185M	\$1,643	\$136M	\$1,491	\$183M	\$2,740
SCE	\$63M	\$1,093	\$62M	\$766	\$81M	\$1,463
SoCalGas	\$132M	\$1,115	\$92M	\$873	\$136M	\$1,233
SDG&E	\$31M	\$1,473	\$18M	\$1,061	\$32M	\$1,460

For the 2021-2026 program cycle, the IOUs were asked to propose budgets that balance a funding level which would achieve deeper energy savings and hardship reductions.⁷¹⁹

6.15.2. PG&E Proposal

PG&E requests approximately \$1,098 million total for PYs 2021-2026, or \$183 million annually, with administrative costs under 10 percent for the program cycle. Approximately \$735 million is allocated to energy efficiency measures (including pilots and implementation) for single family and mobile homes units, \$263 million for efficiency measures for multifamily, \$51 million for general administration, and \$49 million for studies, training, WE&T, ME&O,

⁷¹⁹ Decision 19-06-022, 9.

regulatory compliance, and inspections.⁷²⁰ PG&E does not anticipate carrying over any unspent funds from the previous program cycles to offset 2021-2026 collections.⁷²¹

6.15.3. SCE Proposal

SCE requests approximately \$486 million total for PYs 2021-2026, or \$81 million annually, with administrative costs at about 14 percent for the program cycle. SCE notes that this request is approximately \$4 million less than SCE's 2020 ESA annual budget.⁷²² Approximately \$417 million is allocated to energy efficiency measures (including pilots and implementation) for single family, mobile homes and the multifamily sector, \$35 million for general administration, and \$33 million for studies, training, WE&T, ME&O, regulatory compliance, and inspections.⁷²³ SCE also proposes to carry over \$72 million in unspent funds from the PYs 2009-2020 to offset 2021-2026 collections, and further proposes that during the upcoming program period any uncommitted funds that remain unspent at the end of the year offset the next year's expenditures in the program cycle.⁷²⁴ SCE also proposes to spend about \$5 million to upgrade the Energy Management Assistance Partnership System (EMAPS) that supports program delivery, including contractor inventory, customer requests, and overall program reporting.⁷²⁵

⁷²⁰ PG&E Testimony, Chapter IV, Table A-1.

⁷²¹ *Id* at I-58.

⁷²² SCE Prepared Testimony, II- 13-14.

⁷²³ *Id* at V-A, Table A.

⁷²⁴ *Id* at II- 17-18.

⁷²⁵ *Id* at II- 71-72

6.15.4. SoCalGas Proposal

SoCalGas requests approximately \$814 million for PYs 2021-2026, or \$136 million annually, with administrative costs at about 14 percent for the program cycle. Approximately \$702 million is allocated to energy efficiency measures (including pilots and implementation) for single family, mobile homes and multifamily, \$52 million for general administration, and \$59 million for studies, training, WE&T, ME&O, regulatory compliance, and inspections.⁷²⁶ SoCalGas notes that due to the difficulty of forecasting customer behavior under the new program, budget flexibility should be granted. SoCalGas does not anticipate having to carry over any unspent funds from the previous program cycles to offset 2021-2026 collections.⁷²⁷

6.15.5. SDG&E Proposal

SDG&E requests approximately \$191 million for PYs 2021-2026, or \$32 million annually, with administrative costs at about 22 percent for the program cycle. Approximately \$149 million is allocated to energy efficiency measures (including pilots and implementation) for single family, mobile homes units and multifamily, \$22 million for general administration, and \$20 million for studies, training, WE&T, ME&O, regulatory compliance, and inspections.⁷²⁸ SDG&E proposes to carry over \$4 million in unspent funds from PYs 2009-2020 to offset 2021-2026 collections.⁷²⁹

⁷²⁶ SoCalGas Application, Attachment B, Table A-1.

⁷²⁷ SoCalGas Testimony of Mark A. Aguirre and Erin P. Brooks, 59.

⁷²⁸ SDG&E Correction to Appendix A, Table A-1.

⁷²⁹ SDG&E Testimony, SN-ESA-155.

6.15.6. Party Positions

6.15.6.1. Cal Advocates

ESACET Threshold for Budgeting: As discussed in Section 6.10.4.1, Cal Advocates proposes that the 1.0 ESACET threshold be used as a criterion to develop the appropriate ratepayer collection levels,⁷³⁰ stating that the program should invest ratepayer funds on measures that provide more energy and NEBs than they cost, which will minimize rate impacts on all customers, especially low income customers, who also pay for ESA. Cal Advocates provide analysis to illustrate that PG&E could meet the 1.0 ESACET threshold for the portfolio of resource measures while still retaining its proposed non-resource measures and reducing its total resource costs from \$629M to \$327M; and likewise, SCE could meet the 1.0 ESACET threshold by prioritizing resource measures with measurable benefits (greater than 0.60) and reduce its total resource costs from \$362M to \$247M.⁷³¹

10 percent Administrative Cap: Cal Advocates propose that the Commission implement a 10 percent administrative cost cap for the ESA program arguing that 10 percent is reasonable and achievable because 1) previous Commission decisions have established that a 10 percent cap on administrative cost is a reasonable limit,⁷³² and 2) a cap ensures that ratepayer funds are used to directly benefit as many eligible customers as possible by directing more funds to ESA measures.

⁷³⁰ Cal Advocates Prepared Testimony of Stanley Kuan, 1-25.

⁷³¹ Cal Advocates Amended Testimony, 1-26.

⁷³² D.16-11-022 capped administrative costs at 10% for the ESA CAM; D.19-06-022 directed the IOUs to set aside 10% of total ESA bridge budget for administrative program costs; mainstream energy efficiency programs also impose an administrative cost caps of 10 percent.

SCE's Administrative Costs: Cal Advocates state that SCE's proposal to increase its administrative costs from 10.8 percent (2017-2020) to 14 percent (2021-2026) of the total ESA budget without adequate justification. While SCE explains that it expects to incur significantly higher administrative costs as a percentage of the overall ESA program budget during the early ramp up period of the 2021-2026 cycle, SCE falls short in justifying the need.⁷³³

SoCalGas' Administrative Costs: Cal Advocates state that SoCalGas proposes to increase its administrative costs from 8.6 percent (2017-2020) to 13.7 percent (2021-2026) of the total ESA budget due to increases in spending on the multifamily treatments.⁷³⁴ However, Cal Advocates point out that SoCalGas proposes an average annual increase in its ESA administrative budget of approximately 54 percent, despite a *decrease* in its average annual overall ESA budget of 3.4 percent, and has historically, overestimated its administrative costs, spending only approximately 75 percent of its approved administrative budget. Cal Advocates also point out that the administration costs for the multifamily efforts are unreasonably high and unjustified.⁷³⁵

SDG&E's Administrative Costs: Cal Advocates state that SDG&E proposes to increase its administrative costs from 18 percent (2017-2020) to 22 percent (2021-2026) of the total ESA budget. Cal Advocates point out that SDG&E proposes an average annual increase in its ESA administrative budget of approximately 25 percent, despite only a 6 percent increase in its average annual overall ESA budget, and fails to provide any justification. SDG&E proposes unreasonably high administrative costs without being able to explain why it is

⁷³³ Cal Advocates Amended Testimony, 1-3 - 1-5.

⁷³⁴ *Id* at 1-6.

⁷³⁵ *Id* at 1-6 - 1-8.

unable to achieve administrative costs at the similar level of other IOUs.⁷³⁶

Lastly, Cal Advocates point out that SDG&E has historically overestimated its administrative budgets and has only spent approximately 70 percent of the administrative budget in previous years.⁷³⁷

Audit of SDG&E's Administrative Costs: Because of SDG&E's inability to explain its needs for an administrative budget that is substantially higher than the other IOUs, Cal Advocates propose that the Commission order SDG&E to hire an independent auditor to assess its administrative costs and to identify ways SDG&E can reduce those costs (to be funded by SDG&E shareholders). The independent audit should begin within thirty days after the Commission issues a final decision in this proceeding and the final audit report should be issued in a compliance filing within six months. Any cost savings identified in the audit should be implemented no later than year two of SDG&E's program to limit its administrative costs at 10 percent of the total ESA expenses. SDG&E shall then file a Tier 3 advice letter to reflect those cost savings, and its administrative budget for PY 2021-2026 should be reduced accordingly and capped at 10 percent. If the audit is found effective in reducing administrative costs for SDG&E, the Commission should order independent audits for all other IOUs to further limit ESA funds that are spent on administrative activities. Cal Advocates argue that this audit should be funded by shareholder as ratepayers should not bear the cost of the audits to cure any of SDG&E's inefficiencies in administrative activities. Independent audits by external entities offer transparent, thorough, and impartial examination of the program, and

⁷³⁶ *Id* at Exhibit II, 4-5.

⁷³⁷ *Id* at Exhibit II, 5-6.

allow for a detailed look at the longstanding problem of SDG&E's high administrative cost.⁷³⁸

Require Lowest Cost for Measures: Cal Advocates recommend that the Commission require SCE to provide measures at the lowest cost achieved by other IOUs or the statewide cost (whichever is lower).⁷³⁹ Cal Advocates state that SCE's measure costs are much higher compared to the other IOUs, are unreasonable and should be contained. Cal Advocates claim that SCE fails to provide any reasons or justification for its relative high unit costs and therefore should be required to provide measures at the lowest cost achieved by other IOUs or the statewide cost (if it is lower than the measure unit cost achieved by all other IOUs). These measures include the costs of a smart thermostat (which is 48 percent higher than SDG&E's projected cost), refrigerators (which is 10 percent higher than PG&E's projected costs), and evaporative coolers (which is 128 percent higher than PG&E's projected costs).⁷⁴⁰

6.15.6.2. TURN

10 percent Administrative Cap: TURN shares Cal Advocates' concerns regarding SDG&E and SCE's administrative budgets but expresses concerns about the implementation of a firm cap on all budget categories stating that it may create unintended consequences for the categories of inspections, marketing and outreach, and evaluation, measurement and verification studies which are critical to the effectiveness, transparency, and accountability of the ESA program.

⁷³⁸ *Id* at Exhibit II, 10-11.

⁷³⁹ *Id* at 1-8.

⁷⁴⁰ *Id* at 1-9.

Instead, TURN recommends that if a cap is implemented, that it applies only to the categories of regulatory compliance and general administration.⁷⁴¹

6.15.6.3. CETF

Funding for Broadband Efforts: CETF protests the failure of the IOUs to include funding to distribute information about available home internet service offers, as provided by CETF and its network of CBOs. It also protests the failure to include consideration of funding of CBOs currently working with IOUs on energy assistance and weatherization programs to specifically ask customers about their internet service and to provide referrals to CBOs to assist customers in getting online.⁷⁴² CETF argues that it would require only modest funding to provide training to CBOs already working with the IOUs,⁷⁴³ and asserts that resources exist to implement its proposed outreach recommendations because of the unspent balances in ESA budgets across all the IOUs.⁷⁴⁴

6.15.6.4. EEC

SCE's Administrative Costs: EEC protests SCE's proposed ESA total budget because it is reduced by almost 50 percent in 2021 however their general administration costs have increased by 52.75 percent.⁷⁴⁵

⁷⁴¹ TURN Rebuttal Testimony of Alice Napoleon, 4-6.

⁷⁴² CETF Protest to PG&E Application, 4.

⁷⁴³ *Ibid.*

⁷⁴⁴ CETF Protest to PG&E Application, 11 (citing Joint IOU Report submitted to the LIOB in September 2019, showing that PG&E had spent only 31% of its ESA budget for 2019 through June 30th).

⁷⁴⁵ EEC Protest to SCE Application, 6.

Maintaining 2020 Levels: EEC recommends that unspent funds be used to maintain the 2020 budget levels for program years 2021 and 2022 until such time as a new Needs Assessment report can be issued and evaluated.⁷⁴⁶

6.15.6.5. CforAT

SCE's Administrative Costs: CforAT protests SCE's ESA application because it proposes to reduce the 2021 budget by nearly 50 percent, but increases the general administration costs by 52.75 percent.⁷⁴⁷ CforAT recommends that the Commission require SCE to clarify this budget disparity so that it can be reviewed for reasonableness.⁷⁴⁸ CforAT also recommends that SCE's request to use ESA funds for new construction projects be reviewed further to ensure that the funds are used for their intended purposes, not just to supplement new building construction projects unrelated to low income customers.⁷⁴⁹ CforAT recommends that the Commission require detailed plans be reviewed by stakeholders to ensure that ESA funds are used appropriately.⁷⁵⁰

6.15.6.6. PCF

10 percent Administrative Cap: PCF supports Cal Advocates' recommendation to cap the IOUs' administrative expenses.⁷⁵¹

Audit of SDG&E's Administrative Costs: PCF supports Cal Advocates' recommendation for an audit of SDG&E's administrative practices regardless of a cap.⁷⁵² IOU Responses

⁷⁴⁶ EEC Opening Brief, 3.

⁷⁴⁷ CforAT Protest to SCE Application, 2.

⁷⁴⁸ *Id* at 6.

⁷⁴⁹ *Id* at 7.

⁷⁵⁰ *Ibid.*

⁷⁵¹ *Ibid.*

⁷⁵² PCF Reply Brief, 11.

6.15.6.7. PG&E

ESACET Threshold for Budgeting: PG&E disputes Cal Advocates' claim that PG&E could meet a 1.0 ESACET threshold for the portfolio of resource measures while retaining its proposed non-resource measures, and reducing its total resource costs from \$629M to \$418M claiming that Cal Advocates' analysis 1) was based on an obsolete input data set, 2) was based on incomplete analysis, 3) is subject to error, 4) will create unintended consequences that are out-of-line with program goals, and 5) was not developed or provided in terms of annual or program cycle budget.⁷⁵³

Require Lowest Cost for Measures: PG&E states that variations exist among the IOU measure costs because 1) the IOUs have different contractor/implementer arrangements and labor cost structures that are negotiated, confidential and proprietary, 2) the type and material of the measures differ depending on what best suits their customer needs, climate zone, and housing stock, and 3) the IOUs may have different definitions of what is all-inclusive in a measure cost, such as permitting fees. Therefore, PG&E argues that any comparison of IOU cost information in this situation may not be plausible due to confidentiality concerns.⁷⁵⁴

Maintaining 2020 Levels: PG&E supports in part, EEC's request to hold the IOUs' 2021 ESA budgets and homes treated goals at 2020 levels. But because of the unknowns with the COVID-19 pandemic and the effects of the vaccines that are anticipated to be delivered throughout 2021, PG&E has not completed any analysis related to increasing its homes treated goal or budget for 2022.

⁷⁵³ PG&E Rebuttal Testimony, I-40.

⁷⁵⁴ *Id* at I-22-23.

However, PG&E states that if the Commission approves the proposal request to hold 2022 homes treated and budget at 2020 authorized levels, PG&E requests the Commission provide a Tier 2 advice letter filing mechanism for additional cost recovery, as necessary.⁷⁵⁵

6.15.6.8. SCE

10 percent Administrative Cap: SCE does not oppose this cap, but requests Commission guidance on defining “administrative costs” prior to establishing such a cap. SCE claims that Cal Advocates err in assessing its true administrative costs because Cal Advocates’ calculation assumes that everything “below the line” is an administrative function, which should not be the case, and states that if taking into consideration only administrative functions (as considered in the mainstream energy efficiency programs), SCE’s administrative costs would make up a total of 5 percent for PY 2021, 5 percent for PY 2022, 5 percent for PY 2023, and an overall 4 percent for SCE’s 2021-2026 program cycle. Therefore, SCE is amenable to a 10 percent limit provided that the Commission adopts the definition for “administrative costs” that has been established for the energy efficiency portfolios to provide clarity and consistency in the ESA program prior to establishing such a cap.⁷⁵⁶

Require Lowest Cost for Measures: SCE opposes this recommendation because Cal Advocates’ analysis is not an apples-to-apples comparison of the IOUs’ or statewide costs of the measures identified in its analysis. SCE states that its measure costs are all-inclusive, combining both the cost of the unit and the installation which may be different from the statewide cost calculations.

⁷⁵⁵ PG&E Reply Briefs,16-17.

⁷⁵⁶ SCE Amended Rebuttal Testimony, 2-3.

SCE's measures costs are based on the market rate to better support ESA contractors and represents the portion of the budget that is provided directly to SCE's contractors to help sustain the workforce and ensure that customers receive standard, quality, product. Additionally, IOU program offerings are not the same across service territories, which should also be considered when comparing across IOUs. Lastly, SCE states that Cal Advocates' recommendation is unnecessary as SCE proposes to conduct a competitive solicitation that will help the ESA program acquire market competitive rates for future program measures that include labor and cost of equipment.⁷⁵⁷

6.15.6.9. SoCalGas

10 percent Administrative Cap: SoCalGas opposes this cap and clarifies that SoCalGas' administrative budget is not 13.7 percent of its total ESA program budget for PY 2021-2026 but rather only 6.9 percent (claiming that Cal Advocates may be including other "below-the-line" categories in its calculations). SoCalGas requests that the Commission issue clear guidance on cost categorization before any establishment of an administrative cap and recommends developing guidance similar to the cost categories in the mainstream energy efficiency proceeding to be achieved through a stakeholder working group, and then put forth as a motion for the Commission to adopt.⁷⁵⁸

6.15.6.10. SDG&E

10 percent Administrative Cap: SDG&E recommends that the Commission assess the administrative budget categories currently in the ESA program to determine which categories should fall under administrative as they are inconsistent with other programs such as the California Solar Initiative and the

⁷⁵⁷ *Id* at 4-6.

⁷⁵⁸ SoCal Gas Rebuttal Testimony of Erin Brooks, 9-10.

mainstream energy efficiency programs. And if the Commission decides to set a cap on administrative costs, the Commission should assess the administrative categories specifically for the ESA program to establish a record of the administrative budget categories and to better align with other Commission programs (*e.g.*, energy efficiency and California Solar Initiative) so that the classifications are consistent.⁷⁵⁹ SDG&E also opposes Cal Advocates' recommendation that an independent audit on SDG&E's ESA program administrative costs be conducted, asserting that existing Commission policy to conduct audits is appropriate and should continue.⁷⁶⁰

6.15.7. Discussion

6.15.7.1. IOUs' Budgets: Approved with Modifications

Beginning in PY 2009, we have observed that the IOUs have consistently underspent their approved budgets by about 20 percent, including the same 20 percent figure for PYs 2017-2019. The underspend figure for the full 2017-2020 program cycle increases to 25 percent, when including the pandemic-impacted program year of 2020.

Table 13: IOUs' Actual Expenditures vs Authorized, PYs 2009-2020

IOUs' Actual ESA Program Expenditures Levels, PYs 2009-2020					
	2009-2011	2012-2014	2015-2016	2017-2020	2009-2020 (Avg)
Avg. Annual Authorized Budget (\$M)	\$306	\$374	\$392	\$410	\$372
Avg. Annual Actual Expenditures (\$M)	\$274	\$301	\$259	\$308	\$290
% Underspend	10%	20%	34%	25%	22%

⁷⁵⁹ SDG&E Rebuttal Testimony, AK-2-3.

⁷⁶⁰ *Id* at AK-4.

The IOUs have also underspent on a per household level, ranging from about 10 percent to 30 percent less than the average budget allocation per household, based on past approved budget and household treatment goals. Upon reviewing the IOU annual reports, we find that the underspending was not always a direct result of the IOUs treating less households than originally projected or not meeting the energy savings targets, as all the IOUs except for SoCalGas, generally met or exceeded their annual household treatment goals and energy savings targets while still underspending the authorized budget. This has led to a significant accrual of unspent funds accumulating since 2009 and suggests that the IOUs have generally taken a conservative approach to budgeting. We understand that it may be reasonable to do so to ensure that the program is adequately funded based on the treatment goals, and to anticipate any underestimation of measure and program costs, but such misalignment gives an inaccurate perception of the true program needs.

Regarding the significant increase in budget requests from past authorizations, and considering the underspending, we agree with Cal Advocates that the IOUs failed to provide adequate justification for the areas of significant increase, especially where the administrative costs have increased without a proportional increase in the overall budget. However, we do not agree with Cal Advocates' proposal to use a 1.0 ESACET threshold to set budgets, as discussed and denied in Section 6.10.5.3. Doing so would likely decrease the IOU proposed budgets by 30 percent,⁷⁶¹ which is too drastic given the shift to the new design.

⁷⁶¹ Cal Advocates Amended Testimony, 1-26.

Therefore, based on this program's spending history, the misalignment of the authorized versus the true expenditures, the lack of justification for the significant increase in requests, and our determination that a 30 percent reduction is not feasible under the new design, we reduce the IOUs' proposed budget spend for PYs 2022-2026 by 10 percent. A 30 percent reduction would not have been feasible as proposed by Cal Advocates for the reasons discussed above and in Section 6.10. A 20 percent reduction to align with historical spend levels would not have been appropriate given that we are approving a new design for the cycle. We also do not expect the exact same level of spending given the modification to the measure mix and the tiered offerings. Therefore, 10 percent is reasonable, will provide enough flexibility for the IOUs to manage the programs within the limits, and still results in an increased annual budget as compared to previous years. We reiterate the point that even with this 10 percent budget reduction, the overall budgets approved here result in about a 25 percent increase in actual spending from the prior program cycle. Therefore, there should be no concerns regarding negative impacts to existing workforce opportunities or job displacement. This allows for workforce opportunities to remain intact while still being able to ensure program cost containment and responsible use of ratepayer funds based on the new program design. The 10 percent reduction will be applied to the "Energy Efficiency Total" ("above the line") and "Non-Energy Efficiency Total" budgets but will exclude studies that have specified budgets.

For the remainder of PY 2021, we approve the IOU budgets based on the first half of the 2021 bridge year⁷⁶² to align the IOUs' 2021 bridge period goals and allow for an adequate transition period into the new program and structure.

In addition, as discussed in Section 6.2.3.2, approximately \$103.5 million of the collective IOU budgets (or 4 percent of each IOU's respective budgets) has been set aside for implementation of the Pilot Plus and Pilot Deep program. In summary, the total approved ESA budgets are provided below.

Table 14: Approved ESA Budgets, PYs 2021-2026⁷⁶³

IOU	Approved ESA Budgets							Total – Decision Authorized
	2021 (Jan. 1 - June 30)	2021 (July 1 - Dec. 31)	2022	2023	2024	2025	2026	
PG&E	\$89M	\$89M	\$153M	\$172M	\$172M	\$171M	\$171M	\$928M
SCE	\$41M	\$41M	\$59M	\$69M	\$91M	\$96M	\$75M	\$431M
SoCalGas	\$67M	\$67M	\$123M	\$123M	\$123M	\$123M	\$123M	\$681M
SDG&E	\$11M	\$11M	\$26M	\$27M	\$30M	\$32M	\$33M	\$159M
Total	\$208M	\$208M	\$360M	\$391M	\$416M	\$422M	\$402M	\$2,199M

6.15.7.2. PG&E Budgets: Approved with Modifications

We approve PG&E's proposed budget spend for PYs 2022-2026, less 10 percent, and the bridge funding budget for the remainder of PY 2021, as discussed above. From 2017 to 2019 PG&E exceeded its electric savings targets by about 21 percent while under spending the budget by at least 15 percent each year, collectively spending approximately 74 percent of its authorized budget,

⁷⁶² This matches the household treatment goals approved for the January 1- June 30, 2021 bridge period per PG&E Advice Letter 6035-E-B/4351-G-B, SCE Advice Letter 4053-A, SoCalGas Advice Letter 5501-G-A, and SDG&E Advice Letter 3612-E/2905-G, per D.19-06-022 and D.20-08-033.

⁷⁶³ The Approved Budgets are for the entire ESA Portfolio, including Main ESA, MF in-unit, MF CAM, MFWB, and the Staff Proposal pilot. The 2021 budget is based on the budgets approved for the bridge period per PG&E Advice Letter 6035-E-B/4351-G-B, SCE Advice Letter 4053-A, SoCalGas Advice Letter 5501-G-A, and SDG&E Advice Letter 3612-E/2905-G, per D.19-06-022 and D.20-08-033.

with an average investment per home of about \$1,491. The budget approved here, even after the 10 percent reduction, will provide an average program investment per treated home of \$2,740, which is an 84 percent increase from previous years. Given PG&E's new design to target to a variety of customer segments and need states with a combination of resource and non-resource measures, we believe that a modest reduction in the budget and the number of household treatments does not affect the proposed program design or the average program investment per home and will allow PG&E to still reach its program goals. We have also set aside 4 percent, or \$44 million of this budget for the Staff Proposal Pilot Plus and Pilot Deep measure packages. Accordingly, PG&E's portfolio savings goals and household treatments targets have been reduced to account for the budget reduction and this set-aside, (*see* Attachment 1).

6.15.7.3. SCE Budgets: Approved with Modifications

We approve SCE's proposed budget spend for PYs 2022-2026, less 10 percent, and the bridge funding budget for the remainder of PY 2021, as discussed above. From 2017 to 2020 SCE exceeded its electric savings targets by about 27 percent while spending at or above the budget each year (except pandemic-impacted 2020), collectively spending approximately 98 percent of its authorized budget, with an average investment per home of \$766. The budget approved here, even after the 10 percent reduction, will provide an average program investment per treated home of \$1,463, which is a 91 percent increase from previous years. Given SCE's new design to target high energy users, we believe that a modest reduction in the budget and the number of household treatments does not affect the savings potential per home or the average program investment per home and will allow SCE to still reach its savings goals. We have

also set aside 4 percent, or \$19 million of this budget for the Staff Proposal Pilot Plus and Pilot Deep measure packages. Accordingly, SCE's portfolio savings goals and household treatments targets have been reduced to account for the budget reduction and this set-aside, (*see* Attachment 1).

6.15.7.4. SoCalGas Budgets: Approved with Modifications

We approve SoCalGas' proposed budget spend for PYs 2022-2026, less 10 percent, and the bridge funding budget for the remainder of PY 2021, as discussed above. From 2017 to 2020 SoCalGas fell short of its energy savings targets (below 25 percent) and underspent its budget by at least 24 percent each year, collectively spending approximately 70 percent of its authorized budget, with an average investment per home of \$873. The budget approved here, even after the 10 percent reduction, will provide an average program investment per treated home of \$1,233, which is a 41 percent increase from previous years. Given SoCalGas' new design to balance energy savings with HCS improvements, we believe that a modest reduction in the budget and the number of household treatments does not affect the customer-centric program design and average program investment per home and will allow SoCalGas to still reach its program goals. We also set aside 4 percent, or \$33 million for the Staff Proposal Pilot Plus and Pilot Deep measure packages. Accordingly, SoCalGas' portfolio savings goals and household treatments targets have been reduced to account for the budget reduction and this set-aside, (*see* Attachment 1).

6.15.7.5. SDG&E Budgets: Approved with Modifications

We approve SDG&E's proposed budget spend for PYs 2021-2026, less 10 percent, and the bridge funding budget for the remainder of PY 2021, as discussed above. From 2017 to 2020 SDG&E fell short of its energy savings targets (below 50 percent) and underspent its budget by at least 28 percent each

year, collectively spending approximately 58 percent of its authorized budget, with an average investment per home of \$1,061. The budget approved here, even after the 10 percent reduction, will provide an average program investment per treated home of \$1,460, which is a 38 percent increase from previous years. Given SDG&E's new design targeting need states with audits and a tiered approach, we believe that a modest reduction in the budget does not affect the proposed program design and average program investment per home and will allow SDG&E to still reach its program goals. We also set aside 4 percent, or \$8 million of this budget for the Staff Proposal Pilot Plus and Pilot Deep measure packages. Accordingly, SDG&E's portfolio savings goals and household treatments targets have been reduced to account for the budget reduction and this set-aside, (*see* Attachment 1).

6.15.7.6. 10 percent Administrative Cap: Approved with Modifications

We approve a cap on administrative expenses for the ESA program at either 10 percent of total program costs, or the IOU's historical five-year average spend on administrative costs as a percentage of total program costs, whichever is greater. We phase out the use of the historical five-year average spend such that the IOUs must propose to spend no more than 10 percent of total program costs on administrative costs starting in program year 2024. We agree with Cal Advocates that a closer examination of administrative costs is needed and believe that this cap will add budgeting and spending discipline to the program and encourage the IOUs to seek administrative efficiencies while directing more funds to customers.

6.15.7.7. Assessment of Administrative Cost Categories: Denied

We deny the proposal to form a separate working group dedicated specifically to defining the administrative cost categories because of the history of spending no more than 10 percent of total program costs on administrative costs for both the ESA common area measures program in the 2017-2020 program cycle and the 2021 ESA bridge funding period. Instead, the definition and categorization of administrative cost for the ESA program shall be made consistent with that of the main energy efficiency program. We do not see a reason to deviate from this definition, as collectively, the IOUs have generally kept administrative costs at or below the 10 percent figure. In this decision, we affirm the need for each IOU to keep administrative costs at or below the 10 percent figure.

6.15.7.8. Audit of SDG&E's Administrative Costs: Denied

At this time, we will not require a separate audit of SDG&E's administrative cost and spending. We believe that the administrative cost cap adopted in this decision will address the issue of SDG&E's excessive spending in this category, making an audit moot. Additionally, annual audits performed by the Commission's Water and Audits group should be sufficient in the oversight and review of SDG&E's administrative expenses.

6.15.7.9. Requirement of Lowest Cost for Measures: Denied

We deny Cal Advocates' request to require the IOUs to use the lowest cost for measures. Measure costs can vary by IOU for a variety of reasons, including differences in geography, climate, and housing type, as well as contractor operations. We find that the contracting requirements outlined in Section 6.14.8.1 of this decision will bring about an open, transparent, and competitive

solicitation process to deliver the ESA program to customers that balances energy savings and hardship reduction with proper use of ratepayer funds.

6.15.7.10. Funding for Broadband Efforts: Approved per Joint Stipulation

As discussed in Sections 4.3.8.2 of this decision, we direct the IOUs to coordinate cross-promotion of the LifeLine and affordable broadband programs with current ESA/CARE/FERA marketing efforts. See Section 4.3.8.2 for more details per the Joint Stipulation and funding arrangements.

6.15.7.11. Use of Unspent Funds to Offset Future Collections: Approved with Modifications

We approve the IOUs' requests to use all unspent and uncommitted funds remaining at the end of the 2020 program cycle and the 2021 bridge period to offset future collections. We also approve SCE's request to annually carry over any unspent and uncommitted funds remaining at the end of each year to offset the next year's collections. This change will ease the accounting and tracking of ESA expenditures, bring clarity and transparency to where the underspending occurs and why, and will avoid the large accumulation of unspent funds that has become too common in previous years. This change will apply to all the IOUs and their treatment of unspent and uncommitted funds. Lastly, we reaffirm that any unspent funds shall not be spent for non-ESA programs for ratepayer efficiency and legal reasons.

6.16. ESA Compliance Filing

Given all the changes directed in this decision, we direct the IOUs to meet and confer, and jointly submit a compliance filing via a Tier 2 advice letter within 90 days after the approval of this decision. This compliance filing shall include details of the final ESA program design and delivery of the treatment tiers, including but not limited to, the set of measures offered within each treatment

tier and the customer segments or need states eligible for each treatment tier. We direct the IOUs to strive for alignment/conformity in how treatment tiers are delivered, minimizing where there are differences/deviations, and providing rationale for where there is no statewide consistency.

In addition to defining the measure mix for each treatment tier and customer segments in the compliance filing, we also direct the IOUs to propose a consistent statewide definition for low, medium, and high usage customers, considering that most of the IOUs have proposed to target “high-usage” customers. As a starting point, the IOUs shall consider the percentage of energy baseline use figures used in the applications’ program designs (for example, SCE’s use of 300 percent for High-Usage customers), as well as the statute that generally identifies customers at 400 percent or more of energy baseline use as high usage.⁷⁶⁴

7. Multifamily Program

7.1. Background

Currently the ESA program offers two types of services to multifamily properties. The first provides energy efficiency measures to income qualified households living in individual units (in unit measures) directly benefiting the tenants, while the second provides common areas measures (CAM) in deed restricted multifamily buildings, directly benefiting both the tenants and the property owners. D.16-11-002, modified by D.17-12-009, allocated \$80 million of previously unspent funds to the CAM program, and required annual reporting on non-deed restricted properties’ energy consumption. The Commission’s finding was that treating common areas in multifamily properties was nearly as

⁷⁶⁴ Public Utilities Code 739.1(i)(1 and 2).

important as providing in-unit measures to the tenants, as without this dual effort, effectiveness of in-unit treatment in multifamily buildings would be limited.⁷⁶⁵ The CAM program began in 2018,⁷⁶⁶ and by the end of 2020, had treated 130 properties with over 8,700 units at a spend level of approximately \$15 million (of the \$80 million allocation).⁷⁶⁷

Current Eligibility and Income Qualification: To qualify for in-unit measures, individual units can qualify on their own if they meet the program's income qualifications as described on Section 6.3.1. The whole building may also qualify for in unit measures if at least 80 percent of the units are income qualified or if that building resides within a qualified zip code or PRIZM area. To qualify for common area measures, a building or property must be deed-restricted and have at least 65 percent of tenant households income qualified. Additionally, D.17-12-009 ended the need for each household to be individually qualified, establishing an owner affidavit process.⁷⁶⁸

Guidance for IOUs' 2021-2026 Multifamily Program: For program years 2021-2026, the IOUs were asked to consider how to secure deeper energy savings in multifamily households, and although allowed to continue the ESA in unit

⁷⁶⁵ D.17-12-009 Section 3.9, page 191.

⁷⁶⁶ ESA CAM Advice Letters: PG&E AL 3943-G/5241-E, SCE AL 3754-E, SoCalGas AL 5264-G, and SDG&E AL 3196-E-A/2654-G-A.

⁷⁶⁷ IOU Annual and Monthly Reports. SDG&E treated five properties in program year 2019 but did not indicate the number of units within those properties.

⁷⁶⁸ D.17-12-009, Findings of Fact 71 and 72 and Ordering Paragraph 41. Affidavit is allowed when "a PRIZM Code, census tract, or federally recognized tribal reservation or zone where 80 percent of households are at or below 200 percent of federal poverty guidelines; a Promise Zone as designated by the federal government, or; the building is registered as low-income affordable housing with ESA Program under the 80 percent ESA- eligible tenant multi-family household eligibility rule, with qualified income documentation less than 12 months old on file. These buildings will be eligible for whole building enrollment without the need for door-to-door tenant income documentation." (page 193).

and CAM programs for multifamily units and buildings, the IOUs were directed to propose a new multifamily whole building (MFWB) program designed and delivered by a third party.⁷⁶⁹ The IOUs' MFWB proposal should include a Single Point of Contact (SPOC) proposal with financial technical assistance, consider opening access to non-deed restricted properties for common area or whole building treatment, and develop a central customer portal, possibly through the MFWB solicitation process. The Commission indicated that while it was acceptable for the IOUs to propose to serve multifamily tenants and/or common areas by the ESA program, such proposals should not duplicate services provided by the MFWB program. Additionally, a statewide program was preferred, and that SCE and SoCalGas were to consider a shared program. If the MFWB were to be subject to competitive bidding, it must, at a minimum follow Pub. Util. Code Section 327(b) which requires that bidding criteria recognize these aspects: knowledge of and ability to reach targeted communities, local hiring and job training, performance quality, financial stability, and other attributes to benefit local communities.

Guidance for MCE's 2021-2026 Multifamily Program: Decision 17-12-009 authorized MCE \$3.5 million for a Low Income Families and Tenants, or LIFT, pilot. The LIFT pilot was initially planned to last two years, from PYs 2017-2019, serving both single family and multifamily; however, MCE reduced its scope to

⁷⁶⁹ Third party (3P) program definition defined by D.16-08-019 OP 10 "For energy efficiency program purposes, the definition of a third-party program shall be as follows: To be designated as "third party," the program must be proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. Statewide programs may also be considered to be "third party" to the extent they meet this definition. Under this definition, program administrators are not prohibited from advising third parties on program design elements once third party bids have been solicited."

only multifamily via its advice letter filing.⁷⁷⁰ D.17-12-009 also authorized MCE to apply in the next cycle to continue this pilot on an ongoing basis.⁷⁷¹ D.19-06-022 allowed for time-only extensions of the pilot.⁷⁷² The MCE LIFT pilot offered up to \$1,200 per unit for efficiency, fuel switching, and fuel substitution measures. Between PYs 2017-2020, LIFT spent \$1.57M to treat nineteen properties with 682 units and installed 125 heat pumps, 11 electrical panel upgrades, and 2 electrical conduit upgrades.⁷⁷³ A final report detailing energy, bill, and greenhouse gas savings is expected in April 2021.

7.2. PG&E Proposal

Third Party Solicitation and Administration: PG&E proposes to outsource its MFWB program to a local third-party administrator, using a solicitation process that includes the use of a PRG and an IE,⁷⁷⁴ and proposes to include all treatment of its multifamily sector (MF in-unit and CAM) through this process.⁷⁷⁵

PG&E proposes local administration, over statewide administration,⁷⁷⁶ stating that this will allow the IOUs to grasp and address a wide variety of implications from data challenges to regulatory reporting expectations.⁷⁷⁷ However, if directed to adopt a single administrator, PG&E will work with the other IOUs to implement a single administrator to serve the entire state.⁷⁷⁸

⁷⁷⁰ MCE Advice Letter 23-E-A.

⁷⁷¹ D.16-11-022, modified by D.17-12-009, Section 5.5.2.5, 398.

⁷⁷² D.19-06-022 Ordering Paragraph 7.

⁷⁷³ MCE Monthly Report December 2020 (Amended March 1, 2021).

⁷⁷⁴ PG&E Application, 3.

⁷⁷⁵ PG&E Application Testimony, I-154.

⁷⁷⁶ PG&E Testimony, I-155.

⁷⁷⁷ *Id* at I-155-156.

⁷⁷⁸ *Ibid.*

PG&E proposes to begin the solicitation process in 2021 and complete it in 2022,⁷⁷⁹ estimating that the solicitation timeline will take fourteen to seventeen months from setup through contract award.⁷⁸⁰

Design and Delivery: PG&E proposes that:

- Bidders will design the program, including customer acquisition, outreach, enrollment, program and technical assistance, receiving/ reviewing/ approving all program documentation, conducting quality assurance assessments, contractor management, and all leveraging efforts.⁷⁸¹
- Bidders will include plans to integrate offering existing demand response tools, technology or education to help multifamily households shift load to off-peak times.⁷⁸²
- PG&E will continue to offer MF ESA in unit and CAM services until the MFWB program solicitation is complete, at which point the in unit and CAM offerings will be rolled into the overall third party MFWB effort.

SPOC: PG&E will include the SPOC role in the solicitation,⁷⁸³ with services to include financial assistance, referral support, multifamily programs decision tree, benchmarking support, consolidation of multifamily program materials, proactive large customer engagement, and industry relationship building.⁷⁸⁴

Eligibility and Enrollment: PG&E's proposes the following requirements:⁷⁸⁵

⁷⁷⁹ PG&E Testimony, I-160.

⁷⁸⁰ *Id* at I-159.

⁷⁸¹ *Id* at I-155.

⁷⁸² *Id* at I-35.

⁷⁸³ *Id* at I-155.

⁷⁸⁴ *Id* at I-147.

⁷⁸⁵ *Id* at I-154.

- Allow deed-restricted and non-deed-restricted MF properties to qualify for the MFWB program.
- Offer whole building services where at least 65 percent of households at the property meet ESA income requirements and dwellings meet ESA qualification requirements.⁷⁸⁶
- Offer CAM services for properties where at least 65% of households at the property meet ESA income requirements.⁷⁸⁷
- Offer in-unit services for all ESA eligible MF households and CSD MF-LIWP funding for in-unit measures in eligible MF ESA households.⁷⁸⁸
- Offer SPOC services to all.
- Require deed-restricted MF properties to provide either regulatory agreements with a government agency showing compliance with the income eligibility requirements, or tenant income verification or enrollment in a qualified categorical program as approved by the Commission.⁷⁸⁹
- Require non-deed-restricted MF properties to provide tenant income verification or enrollment in a qualified categorical program.⁷⁹⁰
- Allow MF property owners to enroll tenants for in-unit treatments and install measures without separate enrollment, so long as the property owner provides income eligibility for the units.⁷⁹¹
- Include rent increase restrictions to ESA participation agreements stating that property owners will not increase rents for income qualified dwellings as a result of the work that is performed.⁷⁹²

⁷⁸⁶ *Ibid.*

⁷⁸⁷ PG&E, Testimony, I-152.

⁷⁸⁸ *Id* at I-154

⁷⁸⁹ *Id* at I-164-65.

⁷⁹⁰ *Id* at I-165.

⁷⁹¹ *Ibid.*

⁷⁹² *Ibid.*

Measures: The specific measure mix for the MFWB program will be included as part of the solicitation process.⁷⁹³

Treatment Goals: PG&E estimates that its MFWB program will treat 845 properties, totaling about 4,560 buildings and over 83,000 in-units in PYs 2021-2026.⁷⁹⁴ This equates to 130 deed-restricted properties and 715 non-deed-restricted properties.⁷⁹⁵ PG&E requests permission to adjust all goals (treatment and energy savings) because of the solicitation of third-party administrators.⁷⁹⁶

Energy Savings and Other Goals: Based on the proposed treatments for their MFWB program, PG&E estimates 89.5 million kWh and 3.5 million therms in savings,⁷⁹⁷ and proposes a minimum efficiency target of 10 percent savings for each property participating in the MFWB, including CAM.⁷⁹⁸ PG&E requests permission to adjust these goals and the minimum efficiency target as a result of the solicitation of third-party administrators.⁷⁹⁹ For PYs 2021-2022, PG&E estimates savings of 2.4 million kWh and 266,623 therms for its multifamily sector.⁸⁰⁰

Budgets: PG&E is requesting a total of \$202.5 million, starting in program year 2023, for the 2021-2026 program cycle, which averages to \$2,439 per unit to

⁷⁹³ PG&E Testimony, I-161.

⁷⁹⁴ *Id* at I-159.

⁷⁹⁵ *Id* at I-161.

⁷⁹⁶ *Id* at I-159.

⁷⁹⁷ *Ibid.*

⁷⁹⁸ PG&E Testimony, I-164.

⁷⁹⁹ *Id* at I-159.

⁸⁰⁰ PG&E Application Attachment 1, Table A-5.

be treated. The MFWB program budget is based on PG&E's current ESA CAM and in-unit treatments and CSD LIWP leveraging estimates.⁸⁰¹ Roughly 30 percent of PG&E's entire measure installation budget will be devoted to MFWB measure installation, which aligns closely with the percentage split between multifamily and non-multifamily ESA eligible customers.⁸⁰²

Post Decision Updates: PG&E is requesting that it be allowed to propose policy changes based on the third-party administrator's design for the MFWB program, stating that this will allow PG&E to make changes to align with the third-party administrator's design for the program after a program decision is issued.⁸⁰³ PG&E makes this request because it cannot anticipate exactly what a successful design will look like until it solicits third parties for proposals.⁸⁰⁴

7.3. SCE Proposal

Third Party Solicitation and Administration: SCE proposes to outsource its MFWB program to a third party,⁸⁰⁵ using a single stage solicitation process that includes use of a PRG.

SCE does not recommend statewide MFWB implementation and instead proposes that statewide implementation of the MFWB program only be considered after the results from the current MF CAM are reviewed post December 2020.⁸⁰⁶ SCE recommends using a portion of the 2021-2026 program cycle to collect data and to assess the effectiveness of the IOUs' implementation

⁸⁰¹ PG&E Testimony, I-158.

⁸⁰² *Ibid.*

⁸⁰³ *Id* at I-125-26.

⁸⁰⁴ *Id* at I-126.

⁸⁰⁵ SCE Application, 8.

⁸⁰⁶ SCE Prepared Testimony, II 37.

models and designs,⁸⁰⁷ and proposes to support third-parties working with other IOUs to identify opportunities to streamline the statewide enrollment process to allow contractors and customers to participate in the MF program.⁸⁰⁸

SCE proposes a solicitation timeline of twelve to eighteen months with a program launch in year two of the cycle.

Design and Delivery: SCE proposes that:

- Bidders will design the program including workforce training, central application portal, tenant protections (not required), contractor choice, and co-pays (not required).
- SCE will continue to leverage its existing ESA marketing, outreach, and training activities, and will specifically target low income qualified MF properties with higher than average EUIs.⁸⁰⁹
- SCE will continue to offer in unit and CAM services until the MFWB program solicitation is complete, at which point all in unit and CAM offerings will be rolled into the overall third party MFWB effort.

SPOC: SCE proposes to retain SPOC in house,⁸¹⁰ where the SPOC will be the focal point for multifamily property owners.⁸¹¹

Eligibility and Enrollment: SCE proposes the following requirements:

- Allow deed-restricted MF properties to qualify for the MFWB program.⁸¹²
- Offer MFWB services where at least 65 percent of households at the deed-restricted property meet ESA income requirements and the dwellings meet ESA qualification requirements.

⁸⁰⁷ *Id* at II 37-38.

⁸⁰⁸ *Ibid.*

⁸⁰⁹ SCE Prepared Testimony, II 45.

⁸¹⁰ *Id* at II 46.

⁸¹¹ *Id* at II 48.

⁸¹² *Id* at II 45.

- Offer CAM services for deed restricted properties where at least 65 percent of households at the property meet ESA income requirements.⁸¹³
- Offer in-unit services for all MF households at the property where at least 65 percent of households meet ESA income requirements.⁸¹⁴
- For MFWB program, allow self-certification from property owners and tenants to qualify for treatment.⁸¹⁵

Measures: The specific measure mix for the MFWB program will be included as part of the solicitation process, however bidders will be directed to propose direct install in-unit measures for all properties, common area measures for deed-restricted properties, contractor choice,⁸¹⁶ and co-pay amounts (although not required).⁸¹⁷ SCE will advise the third-party implementer that is selected to target non-deed-restricted MF properties to gather additional data on ESA program measures and services provided to individual dwelling units in order to identify potential opportunities for common area spaces.⁸¹⁸

Treatment Goals: SCE proposes that its MFWB program treat 600 properties with 70,090 units between PYs 2022-2026.⁸¹⁹

Energy Savings and Other Goals: SCE does not set a specific kWh and kW savings goals⁸²⁰ but expects to have these goals further refined as a part of

⁸¹³ SCE ESA Multifamily Workshop Presentation April 22, 2020 (Power Point).

⁸¹⁴ SCE Prepared Testimony, II 45.

⁸¹⁵ *Id* at II 45.

⁸¹⁶ “Contractor choice” refers to the ability of a customer to select their own contractor, instead of having one pre-assigned or selecting from a pre-approved list.

⁸¹⁷ SCE Prepared Testimony, II 45.

⁸¹⁸ *Id* at II 41-42.

⁸¹⁹ *Id* at II A, 54. Table I-13.

⁸²⁰ *Id* at II 46.

MFWB solicitation efforts. SCE states that the program goal should be expanded to maximize the buildings' energy efficiency, GHG reduction, environmental, water nexus, and other HCS benefits for program participants.⁸²¹ SCE does estimate savings of 7,691,000 kWh in PY2021 and 38,271,000 kWh in PY2022-2026 for the multifamily sector.⁸²²

Budgets: SCE is requesting \$68.8 million for PYs 2021-2026 for its MFWB program, which averages \$870 per unit to be treated.⁸²³ SCE will allow bidders to propose property owner co-pays but will not require it. SCE's SPOC budget is estimated to be \$200,000 per year and is part of their general administration budget.⁸²⁴

7.4. SoCalGas

Third Party Solicitation and Administration: SoCalGas proposes to outsource its MFWB program to a third-party,⁸²⁵ with a single stage solicitation process and oversight provided by a PRG and states that the use of an IE is unnecessary.

SoCalGas prefers local oversight over a statewide program, and states that a statewide program will be a disruption to their trusted relationships with contractor networks,⁸²⁶ but indicates that it will not be opposed to a statewide program if it were required.⁸²⁷ SoCalGas also proposed to have a memorandum

⁸²¹ *Id* at II 44.

⁸²² SCE Application Attachment B, Table A-5.

⁸²³ SCE Prepared Testimony, II 46.

⁸²⁴ SCE Response to Energy Division Data Request; March 5, 2021.

⁸²⁵ SoCalGas Application, 10.

⁸²⁶ SoCalGas Testimony (Rendler), 13.

⁸²⁷ SoCalGas Application Testimony Mark Aguirre and Erin Brooks, page 141, Line 26-27.

of understanding with SCE to coordinate services after the solicitation process has ended.

SoCalGas proposes a solicitation timeline of twelve to eighteen months.

Design and Delivery: SoCalGas proposes that:

- Bidders will design the program, including contractor choice, and SPOC services for the MFWB program.
- Bidders will include plans to integrate the MFWB program with the IOU or municipal utility demand response programs.⁸²⁸
- Bidders have the option to propose to serve SoCalGas' territory partially or in whole.⁸²⁹
- SoCalGas will continue implementing the in-unit and CAM programs separate from the MFWB program.

SPOC: SoCalGas proposes to keep SPOC in house,⁸³⁰ offering services to include energy assessments and consultation, program guidance, financing options, and benchmarking support.⁸³¹

Eligibility and Enrollment: SoCalGas proposes the following requirements:

- Allow deed-restricted and non-deed-restricted MF properties to qualify for the MFWB program.⁸³²
- Offer MFWB services where at least 80 percent of households at the property meet ESA income requirements and the dwellings meet ESA qualification requirements.
- Offer CAM services for properties where at least 80 percent of households at the property meet ESA income requirements.

⁸²⁸ SoCalGas Testimony (Aguirre and Brooks), 142.

⁸²⁹ *Id* at 143.

⁸³⁰ *Id* at 104.

⁸³¹ *Id* at 108-109.

⁸³² *Id* at 140.

- Require a 50 percent co-pay for CAM services in non-deed restricted properties.
- Maintain the owner affidavit process authorized in D.17-12-009.⁸³³

Measures: The specific measure mix for the MFWB program will be included as part of the solicitation process.

Treatment Goals: SoCalGas does not set a household treatment goal for the MFWB program but does estimate that 7,353 units can be served per year.⁸³⁴ For all MF programs, SoCalGas estimates treatment of 35,526 properties with an associated 187,578 units between PYs 2021-2026. Approximately 10 percent of SoCalGas's estimated total units treated are done indirectly through the provision of common area measures.⁸³⁵

Energy Savings and Other Goals: SoCalGas does not set an energy savings goal for the MFWB program but estimates annual savings of 113,235 therms for the program.⁸³⁶ For the general multifamily sector, SoCalGas estimates savings of 3.44 million therms.

Budgets: SoCalGas is requesting \$151 million for PYs 2021-2026 for its MF program, which averages \$850 per unit, including CAM costs and their associated units. This also includes the newly proposed MFWB program, starting at \$4 million annually for PYs 2022-2026.⁸³⁷ The MFWB program average cost per unit is \$544.

⁸³³ *Ibid.*

⁸³⁴ SoCalGas Testimony (Aguirre and Brooks), 139.

⁸³⁵ SoCalGas Application Attachment A Table A-6a.

⁸³⁶ SoCalGas Testimony (Aguirre and Brooks), 139.

⁸³⁷ SoCalGas Application, Table A-1a.

Other: SoCalGas requests that the Commission clearly define certain terms from D.17-12-009 including “ancillary” and “deed-restricted.”⁸³⁸ SoCalGas postulates if “ancillary” activities necessitated by long periods for demolition and installation can include more costly efforts like grading for outside equipment or temporary hot water systems.

7.5. SDG&E Proposal

Third Party Solicitation and Administration: SDG&E proposes to outsource its MFWB program to one or more third-parties,⁸³⁹ using a single stage solicitation process with two-step selection.⁸⁴⁰ SDG&E also proposes to include a PRG to provide oversight. SDG&E’s position shifted from their application to support statewide, third party administration to combine their initially proposed MFWB and local non-deed restricted multifamily programs .

SDG&E proposes a solicitation timeline of thirteen to twenty-two months.

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Design and Delivery: SDG&E proposes that:

- Bidders will design the program for deed-restricted properties.⁸⁴²
- Bidders will be required to leverage SDG&E’s WE&T program and select from its approved contractors.⁸⁴³
- Bidders will be required to state how they can integrate a statewide platform, if required, and work with IOU SPOC processes.⁸⁴⁴

⁸³⁸ SoCalGas Testimony, 129-130.

⁸³⁹ SDG&E Testimony (Nordin), SN-ESA 122.

⁸⁴⁰ *Id* at SN-ESA 125.

⁸⁴¹ SDG&E Opening Brief, 18.

⁸⁴² SDG&E Application, 8.

⁸⁴³ SDG&E Testimony (Nordin), SN-ESA 130.

⁸⁴⁴ *Id* at SN-ESA 129.

- SDG&E will continue to offer in unit and CAM services for non-deed restricted properties.⁸⁴⁵

SPOC: SDG&E proposes to keep SPOC in house to provide project management services, as needed, and is requesting \$2.97 million for PYs 2021-2026 for this effort. SDG&E proposes utilizing their “rapid feedback” budget to assess its SPOC model and propose adjustments in the mid-cycle advice letter.⁸⁴⁶ For financial technical assistance, the SPOC will inform and educate customers on available financing through SDG&E’s On-Bill Finance and California HUB for Energy Efficiency Financing (CHEEF) pilots.⁸⁴⁷

Eligibility and Enrollment: SDG&E proposes the following requirements:

- Allow deed-restricted MF properties to qualify for the MFWB program.⁸⁴⁸
- Offer CAM services for properties where at least 65 percent of households at the property meet ESA income requirements.⁸⁴⁹
- Offer MF ESA in-unit measures for all ESA MF households where 80 percent of households at the property meet ESA income requirements.⁸⁵⁰
- Require a measure co-pay of 50 percent for non-deed restricted properties for all other measures, with co-pays for lighting measures waived.⁸⁵¹

Measures: The specific measure mix for the MFWB program will be included as part of the solicitation process.

⁸⁴⁵ SDG&E Application, 9.

⁸⁴⁶ SDG&E Testimony (Nordin), SN-ESA-115 Table 29.

⁸⁴⁷ *Id* at SN-ESA-116.

⁸⁴⁸ SDG&E Application, 5.

⁸⁴⁹ SDG&E Testimony (Nordin), SN-ESA 124.

⁸⁵⁰ *Ibid.*

⁸⁵¹ SDG&E Testimony of Aguirre and Brooks, 136

Treatment Goals: SDG&E proposes a total household goal of 43,000 units for the overall multifamily program for PYs 2021-2026.⁸⁵² SDG&E's MFWB target is to serve 174 properties with 4,176 units.⁸⁵³

Energy Savings and Other Goals: SDG&E proposes an energy savings goal of 4.3 million kWh in electric savings and 190,000 therms in gas savings in PYs 2021-2026.⁸⁵⁴

Budgets: SDG&E is requesting \$69.9 million for PYs 2021-2026 for its MF program which includes both the deed-restricted and non-deed restricted programs, which averages \$1,627 per unit to be treated.⁸⁵⁵ This budget reflects an increase in spending on multifamily CAM.⁸⁵⁶ SDG&E proposes a measure co-pay of 50 percent for non-deed restricted properties though SDG&E will waive that co-pay for lighting measures⁸⁵⁷.

7.6. MCE Proposal

Third Party Solicitation and Administration: MCE proposes to outsource its MFWB program, referenced in its application as LIFT 2.0, to be designed and delivered by a third-party,⁸⁵⁸ but administered locally by MCE.⁸⁵⁹

MCE proposes local administration stating that this will allow it to build upon lessons learned in the LIFT pilot and address remaining obstacles. MCE states that its small territory size will allow for nimble, targeted, and innovative

⁸⁵² SDG&E Application, Table A-5.

⁸⁵³ SDG&E Testimony (Nordin), SN-ESA 124.

⁸⁵⁴ SDG&E Application, Amended Table A-5.

⁸⁵⁵ SDG&E Application, Corrected Appendix A, Table A-2a.

⁸⁵⁶ SDG&E Application, 6.

⁸⁵⁷ SDG&E Testimony of Aguirre and Brooks, 136.

⁸⁵⁸ MCE Application, 2.

⁸⁵⁹ *Id* at 4.

approaches to programs. Finally, MCE states that its local government structure and connection to community will allow it to incorporate community feedback into the development of programs, and to leverage local government partner agencies as outreach mechanisms for program leveraging.⁸⁶⁰

MCE estimates that the solicitation process will take an estimated seven months.⁸⁶¹

Design and Delivery: MCE's LIFT 2.0 MFWB program will:

- Layer program offerings through MCE's SPOC model to streamline customer experiences.
- Join with local governments and community organizations to reach vulnerable customer groups.⁸⁶²
- Offer energy efficiency measures to be determined with third-party implementers (with prioritization of innovative technologies including fuel substitution and residential demand response technologies).⁸⁶³
- Allow property owners the flexibility to choose contractors and equipment,⁸⁶⁴ empowering participants' self-sufficiency and program engagement.

Eligibility and Enrollment: MCE proposes the following requirements:

- Allow deed-restricted and non-deed-restricted MF properties to qualify for LIFT 2.0.⁸⁶⁵
- Modify income eligibility requirements from 200 percent FPG to 60 percent AMI.⁸⁶⁶

⁸⁶⁰ *Id* at 18-19.

⁸⁶¹ MCE Application Testimony, 35.

⁸⁶² MCE Application, 13.

⁸⁶³ MCE Reply to Protests and Responses, 16.

⁸⁶⁴ *Ibid.*

⁸⁶⁵ MCE Application, 12.

⁸⁶⁶ *Id* at 13.

- Require landlords, tenants, and the utility to sign enforceable affidavits that limit rent increases and evictions and establish additional reporting and monitoring provisions to ensure these properties remain at their affordable levels.⁸⁶⁷

Measures: Although MCE did not specify the full measure mix of offerings (as this will be included as part of the solicitation process), MCE did state that at a minimum, heat pumps (common area or in-unit), smart thermostats, and grid-connected water heaters⁸⁶⁸ will be provided. Innovative technologies including fuel substitution and residential demand response technologies will also be prioritized.

Treatment Goals: MCE anticipates installing whole building and in-unit measures at 80 properties and approximately 4,400 units over PYs 2021-2026.

Energy Savings and Other Goals: MCE proposes annual per unit savings of 474 kWh, 0.13kW and 59.67 therms, not including fuel substitution measures.⁸⁶⁹ MCE clarified that their application showed the per unit savings expected for tenants from participation in LIFT and program partners, specifically MCE's Multifamily Energy Savings Program. The savings from LIFT measures are estimated to be 253,484 kWh and 63,316 therms.⁸⁷⁰

MCE proposes to increase the average overall reported satisfaction with HCS metrics when comparing pre-treatment to post-treatment results. MCE also proposes several evaluation, measurement, and verification goals, where

⁸⁶⁷ *Id* at 12.

⁸⁶⁸ MCE Application Testimony, 45.

⁸⁶⁹ MCE Application, 3.

⁸⁷⁰ MCE Rebuttal Testimony, 9.

program progress will be measured using measure level and participant data, and real time collection analyzed at critical milestones.⁸⁷¹

Lastly, MCE will develop a list of key accomplishments, best practices, and lessons learned, with a list of program design recommendations and challenges through interviews with participants, implementation staff, and other partners.⁸⁷²

Budgets: MCE is requesting \$10.6 million for PYs 2021-2026 for its MF program, which averages \$2,409 per unit to be treated.

7.7. Party Positions

7.7.1. Joint Parties

Third Party Solicitation and Administration: The Joint Parties propose:

- Reviewing the definition of third-party program for the multifamily program solicitation.⁸⁷³
- Providing specific program guidance and minimum requirements for the solicitations.
- Requiring use of a PRG, IE, and Best Practices Collaborative.⁸⁷⁴
- States no position regarding whether the IOUs should be required to have one single statewide implementer for all aspects of the MFWB program,⁸⁷⁵ but strongly support a single implementer for programs that have overlapping territory such as SCE and SoCalGas.

Design and Delivery: The Joint Parties propose:

⁸⁷¹ MCE Application, 17-18.

⁸⁷² *Id* at 18.

⁸⁷³ NRDC, NCLC, and CHA Prehearing Conference Statement, 1-2.

⁸⁷⁴ NRDC, NCLC, and CHA Opening Testimony (Clinton), 8.

⁸⁷⁵ NRDC, NCLC, and CHA Joint Protest to IOU Applications, 17.

- Ensuring a unified consistent approach across the IOUs for MFWB best practices, including in-unit and CAM⁸⁷⁶ and guidance for the solicitation process.
- Requiring a single, statewide program application for owners and managers who want to apply and argue that the IOUs have failed to propose a single application portal as directed and refer to the Massachusetts LEAN portal as an example to follow.⁸⁷⁷
- Designing SPOC to be a “true-one-stop model” whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access.⁸⁷⁸

Eligibility and Enrollment: Joint Parties propose:

- Allowing deed-restricted and non-deed-restricted MF properties to qualify for the MFWB program.
- Modifying income eligibility from 200 percent FPG to 60 percent AMI.
- Lowering program eligibility for a property to receive services to where at least 50 percent of households at the property meet the income requirements with cost-sharing arrangements that could include co-payments and rent protections. Alternatively, consider a sliding scale rebate structure depending on income qualified occupant thresholds.⁸⁷⁹

Measures: The Joint Parties propose:

- A consistent list of measures be offered throughout the state, even if a measure will only be installed if it is cost-effective at that location or offers a HCS benefit.⁸⁸⁰ The Joint Parties states that varying measures lists make it harder for building owners and

⁸⁷⁶ Joint Parties Reply Brief, 9.

⁸⁷⁷ NRDC, NCLC, and CHA Joint Protest to IOU Applications, 16.

⁸⁷⁸ Joint Parties ‘Opening Brief of the Natural Resources Defense Council and National Consumer Law Center’ November 20, 2020.

⁸⁷⁹ NRDC, NCLC, and CHA Opening Testimony (Clinton), 8.

⁸⁸⁰ NRDC, NCLC, and CHA Joint Protest to IOU Applications, 16.

managers to navigate the system,⁸⁸¹ and state that a master list of all eligible measures is sensible to accommodate the variety of multifamily building sizes and configurations and because energy audits should always be performed before installing any measure. This way, the program implementer can choose items from that list once the building has received an energy audit.⁸⁸²

- Addition of healthy building materials and building electrification.⁸⁸³

PG&E's Application: The Joint Parties question PG&E's extended timeline for rolling out the solicitation and implementation of the MFWB.⁸⁸⁴

SCE's Application: The Joint Parties note that SCE's guiding principles and various recommended components are insufficient and provide very little detail on how to best implement or administer.⁸⁸⁵ The Joint Parties also state that while SCE provides a variety of objectives for its program, it has the potential to make it hard and confusing for owners to navigate what is actually available and underscores the need for well-funded and highly-qualified SPOCs. The Joint Parties also urges the Commission to explore SCE's proposal to coordinate program implementation tactics with SoCalGas.⁸⁸⁶

SoCalGas' Application: The Joint Parties note that SoCalGas proposes working jointly with electric companies to provide joint gas and electric measure packages but does not mention statewide coordination of multifamily efficiency

⁸⁸¹ *Ibid.*

⁸⁸² *Ibid.*

⁸⁸³ NRDC, NCLC, and CHA Prehearing Conference Statement, 1-2.

⁸⁸⁴ NRDC, NCLC, and CHA Joint Protest to IOU Applications, 25.

⁸⁸⁵ *Id* at 22-23.

⁸⁸⁶ *Id* at 17.

efforts.⁸⁸⁷ There is also no mention of launching a statewide multifamily delivery effort or any discussion of formal referrals between the ESA program and the LIWP program.⁸⁸⁸ The Joint Parties are critical of SoCalGas's assertion that it will "work with the other IOUs to consider development of a statewide application portal," and do not believe that it satisfies the Commission's instruction to address and create a seamless customer interface for delivering energy efficiency services for owners and tenants of multifamily buildings similar to the Massachusetts LEAN program.⁸⁸⁹

SDG&E's Application: The Joint Parties note that SDG&E has embraced the Commission's guidance on statewide administration of a MFWB program for deed-restricted properties only but believe that best practices demand a consistent statewide program design for non-deed-restricted building owners be provided whether SDG&E administers the program or not.⁸⁹⁰

MCE's Application: The Joint Parties support the larger principles and objectives of MCE's proposal,⁸⁹¹ and encourages MCE to coordinate with local government housing agencies to develop resident protections and monitor and track post-upgrade impacts to residents.

7.7.2. EEC

Third Party Solicitation and Administration: EEC states that outsourcing the multifamily program design can result in the displacement of the existing workforce and create a duplicative administrative infrastructure.

⁸⁸⁷ *Id* at 25.

⁸⁸⁸ *Ibid.*

⁸⁸⁹ *Ibid.*

⁸⁹⁰ NRDC, NCLC, and CHA Joint Protest to IOU Applications, 24.

⁸⁹¹ *Id* at 21.

They request that the Commission reject the proposals and instead require the IOUs to present robust plans that can be vetted through public hearings or other public forums where multifamily program experts are invited to collaborate. EEC also states that the proposals fail to comply with Pub. Util. Code 381.5 and 327(b).

Eligibility and Enrollment: EEC states that the ESA multifamily program will inappropriately direct needed resources to the benefit of property owners and is particularly concerned about treatment of common areas for market-rate buildings. They recommend that any non-deed restricted property receiving ESA funds over \$10,000 have a lien placed on the property for no less than 5 years and that enforceable rent restrictions be put in place.⁸⁹²

Measures: EEC proposes that the current allowable measure list be expanded and that ESA contractors should be directed and supported in providing SPOC services. Renters should also be eligible for all measures without need of a property owner waiver.

PG&E's Application: EEC expresses several concerns about the displacement of the existing workforce, disparate impact to existing contractors, and unnecessary expenditure of ESA funds for a new, duplicative administrative structure that PG&E now proposes.⁸⁹³ EEC also argues that taking responsibility for multifamily residences away from the existing low income infrastructure of community-based private and non-profit contractors will cause massive disruptions in services to that community,⁸⁹⁴ including

⁸⁹² EEC Opening Brief, November 20, 2020, 11.

⁸⁹³ Energy Efficiency Council Protest to PG&E, 3.

⁸⁹⁴ *Id* at 4.

extensive personal and profession hardships on those who have careers helping low income families and damaging small businesses and community-based organizations who have facilitated ESA service in the past.⁸⁹⁵ EEC argues that it will also cost millions of dollars in wasted resources and take years to recover the current level of resources and no alternative infrastructure will exist to replace it.⁸⁹⁶ EEC concedes that while PG&E is behind in its goals and creating unspent funds, it is a solid base to build upon, and it's not clear what problem PG&E is trying to solve by creating a new system and dismantling the current one.⁸⁹⁷

Lastly, EEC also argues that PG&E's application fails to address the required changes to the workforce necessary to reduce the number of single family customers served each year from 111,000 to 48,000,⁸⁹⁸ and notes that segregating the single family and multifamily components of ESA will displace at least 747 employees if the multifamily component of the ESA program is outsourced.⁸⁹⁹ EEC recommends that PG&E protect and strengthen the current network of community service providers by directing that any evaluation of the effectiveness of the low income energy efficiency programs shall be based not solely on cost criteria, but also on the degree to which the provision of services allows maximum program accessibility. PG&E should also ensure that high

⁸⁹⁵ *Ibid.*

⁸⁹⁶ *Ibid.*

⁸⁹⁷ *Ibid.*

⁸⁹⁸ Energy Efficiency Council Protest to PG&E, 6.

⁸⁹⁹ *Id* at 6.

quality, low income energy efficiency programs are delivered to the maximum number of eligible participants.⁹⁰⁰

SCE's Application: EEC raises similar concerns as mentioned above.

SoCalGas' Application: EEC raises similar concerns as mentioned above.

SDG&E's Application: EEC raises similar concerns as mentioned above.

MCE's Application: EEC expresses the following concerns with LIFT 2.0:

- Only a few measures have been installed in MCE's treated units, most of which have been heat pumps,⁹⁰¹ leading to concerns about how much has been saved by customers in the first funded pilot.⁹⁰²
- LIFT 2.0 is a duplicate effort that PG&E's existing ESA CAM program can more efficiently and effectively address.⁹⁰³
- MCE's administrative costs are high compared to PG&E's ESA CAM program.
- MCE fails to explain how its program will be different from PG&E's, and that there has not been enough research done on whether MCE customers want to participate in the program at all.
- MCE's proposal to provide CAM services to non-deed restricted properties does not do enough to stop rent increases after the property receives upgrades, nor does it prevent landlords from selling a recently upgrading building for a profit.⁹⁰⁴
- MCE fails to address cost effectiveness. Only \$6.6 million of MCE's proposed budget will be used on incentives and cost of equipment, while the remaining funds will be used on administrative costs, totaling 35 percent of program costs. This is

⁹⁰⁰ *Id* at 4.

⁹⁰¹ EEC Protest to MCE Application, 3.

⁹⁰² *Ibid.*

⁹⁰³ EEC Protest of MCE Application, 1.

⁹⁰⁴ *Id* at 3.

far more than the percentage of administrative costs of the IOU ESA programs.

- The Commission should reject the proposal to use ratepayer funds to serve non-deed restricted properties because this could easily have the effect of increasing rents and creating fewer affordable rental units in California.⁹⁰⁵

7.7.3. Cal Advocates

Third Party Solicitation and Administration: Cal Advocates support a third party designed and delivered program with oversight from a PRG and IE to promote competition, reduce measure costs, add innovation, and improve ESA procurement processes.⁹⁰⁶

Design and Delivery: Cal Advocates propose that the Commission order the IOUs to evaluate the effectiveness of the multifamily program designs to identify best practices and submit a Tier 3 advice letter based on the mid-cycle review,⁹⁰⁷ stating that a Tier 3 advice letter is justified to ensure IOUs' appropriate consideration and incorporation of recommendations.⁹⁰⁸

Budgets: Cal Advocates question the administrative fees noting that the IOUs report the costs differently with SDG&E and SoCalGas incorporating the fees "below the line" (as a part of all administrative expenses) and others reporting the fees "above the line" in their applications. They propose that the IOUs categorize both the MFWB third party and SPOC costs as administrative costs.⁹⁰⁹ Cal Advocates recommend capping the administrative budgets at 10 percent of the total budget and propose reallocating those funds towards

⁹⁰⁵ *Id* at 4.

⁹⁰⁶ Cal Advocates 'Opening Brief' November 20, 2020, 9.

⁹⁰⁷ *Id* at 15; Cal Advocates (Hsu), 18-20.

⁹⁰⁸ Cal Advocates 'Opening Brief,' 16.

⁹⁰⁹ Cal Advocates [Jenielle Hsu], Intervenor Testimony, 2.

energy efficiency measures. Lastly, Cal Advocates propose that the Commission terminate the existing \$80 million allocation of uncommitted ESA CAM funding and immediately shift the remainder to the proposed MFWB programs at the start of the new cycle.⁹¹⁰

MCE's Application: Cal Advocates question whether MCE has the authority to use ratepayer funds to administer a MFWB program under ESA.⁹¹¹ Additionally, they claim that MCE's application has short-comings which necessitate reducing the budget to \$1.3 million in total and that the program, as proposed, should not be accepted due to its lack of supporting documentation and analyses. If MCE is allowed to run its own ESA program, MCE and PG&E should be required to develop a Joint Cooperation Memo thirty days after the decision.⁹¹² Cal Advocates does support MCE's efforts to focus on non-English speaking households and recommends that the Commission direct all program administrators to utilize implementers that can conduct tenant outreach in Spanish.⁹¹³

7.7.4. La Cooperativa et al.

SCE's Application: La Cooperativa et al. does not support SCE bifurcating the ESA program because it could lead to the multifamily program becoming compartmentalized and instead, the total administrative responsibilities of both single family and multifamily programs should be kept under SCE's oversight. They argue that the proposals fall short of the Commission's intended goal, express reservations about a third-party administrator for the multifamily

⁹¹⁰ Cal Advocates 'Opening Brief,' 23.

⁹¹¹ Cal Advocates Joint Protest to IOU Applications, 3.

⁹¹² Cal Advocates (Hsu Direct testimony), 15-16 and Cal Advocates Opening Brief, 20.

⁹¹³ Cal Advocates (Hsu Direct testimony), 17.

program, and state that all the IOUs failed to propose timelines for issuing solicitations and launching the multifamily programs.

La Cooperativa et al. is also concerned that the proposed program does not support low income and underserved communities, and as currently proposed, could cause layoffs in already vulnerable communities. SCE did not include the requirement to utilize the existing network of service providers to deliver multifamily services, which would have prevented layoffs to those currently employed in the program, many of whom live or have families in the exact same disadvantaged communities we are trying to benefit. Finally, La Cooperativa et al. argue that not enough thought has been put into addressing regional and climate differences in service territories, and that it may be necessary to target specific regions with different program designs to better serve needs of the targeted populations.

7.7.5. PG&E (Comments to MCE's LIFT 2.0 Proposal)

MCE's Application: PG&E recommends aligning MCE's multifamily program, budgets, and activities with the other IOUs to streamline the programs statewide and avoid customer confusion. PG&E recommends further discussion on MCE's cost effectiveness criteria, evaluation plans, and reporting requirements, because MCE discusses these topics only at a high level.⁹¹⁴ PG&E recommends that MCE actively participate as a member of Multifamily Working Group and further participate in all Multifamily Working Group activities and reporting requirements.⁹¹⁵

⁹¹⁴ PG&E Response to MCE Application, 5.

⁹¹⁵ *Ibid.*

PG&E states that MCE's request to adjust the income eligibility threshold from 200 percent FPG to 60 percent AMI for LIFT 2.0 differs from statutory requirements and is a departure from the statewide eligibility rule.⁹¹⁶

PG&E also notes that MCE's definition for multifamily housing as used in the LIFT Pilot was 4 or more units, while the ESA program defines ESA-funded multifamily buildings as five or more units.⁹¹⁷ As such, the two definitions are inconsistent and should be rectified.

Lastly, PG&E recommends collaborating with MCE to minimize confusion for customers, contractors, and other stakeholders. PG&E anticipated questions about when units are treated by PG&E or MCE and proposes leveraging a mechanism similar to a Joint Cooperation Memorandum already in existence between PG&E and MCE in order to discuss and address potential issues.⁹¹⁸

7.8. IOU/MCE Responses

7.8.1. PG&E

Third Party Solicitation and Administration: PG&E disagrees that its application and multifamily program does not meet the requirements of Sections 327(b) and 381.5.⁹¹⁹ PG&E acknowledges that its proposed scoring criteria for program solicitation is not all-inclusive or exhaustive, and expects it to be revised during the request for proposal stage to comply with requirements

⁹¹⁶ PG&E Reply to MCE Application, 2-3.

⁹¹⁷ *Id* at 3.

⁹¹⁸ *Id* at 3-4.

⁹¹⁹ PG&E Reply to Protests and Responses, 2.

for bidding criteria listed in Section 381.5.⁹²⁰ PG&E intends to comply with all statutory requirements as it administers its income qualified programs.⁹²¹

PG&E also disagrees with the recommendations to offer one statewide, comprehensive multifamily program run by a single entity. PG&E claims that property owners will expect to see programs from the utility that provide services in their local area, and to utilize the SPOC for enrollment and verification.

Lastly, PG&E does not support the need of a 'Best Practices Collaborative' and intends to provide guidance during the request for proposal process.⁹²²

Eligibility and Enrollment: PG&E does not support the use of a sliding scale co-pay connected to the proportion of eligible low income households. PG&E also disagrees with EEC's concerns for rent restriction.⁹²³

Treatment Goals: PG&E responds to EEC's comments about the reduction in customers served from 111,000 to 48,000, and notes that it is unable to confirm or verify EEC's calculation of 48,000.⁹²⁴ PG&E notes that its total participation or homes treated forecast declines in the first program year due to potential bridge funding and second program year due to ramping up new programs.⁹²⁵ In addition, the totals for years four through six do not include multi-family units, since that program will be run by the third-party administrator in those years.⁹²⁶

⁹²⁰ *Id* at 3.

⁹²¹ *Ibid.*

⁹²² PG&E Opening Brief November 20, 2020, 31.

⁹²³ *Id* at 27.

⁹²⁴ PG&E Reply to Protests and Responses, 5.

⁹²⁵ *Id* at 6.

⁹²⁶ *Ibid.*

PG&E states that it does not anticipate mass layoffs will be necessary, and that the third-party administrator will be heavily dependent on the availability of trained ESA contractors.⁹²⁷

7.8.2. SCE

Third Party Solicitation and Administration: SCE states that its proposal for the third-party implementation of the MFWB program complies with Commission direction and disagrees with comments from parties that the program is inadequate. SCE designed its proposal in accordance with Commission guidance, which directed the IOUs to propose a process to design and implement the MFWB program. SCE is not proposing to have a third-party administer its multifamily program, but the third-party implementer will be expected to propose a program design and determine measures being offered to provide the most energy savings.⁹²⁸ SCE has also developed program objectives and proposed solicitation requirements to maximize energy efficiency, customer HCS and quality customer service.⁹²⁹ Implementation by a third-party or parties is expected to drive more innovative program structures that will result in extensive participation in the ESA program, and has the potential to build upon relationships established by other organizations within their communities to efficiently reach the multifamily market segment.⁹³⁰

⁹²⁷ *Ibid.*

⁹²⁸ SCE Response to Protests and Replies, 3.

⁹²⁹ *Ibid.*

⁹³⁰ SCE Response to Protests and Replies, 4.

SCE opposes a statewide MFWB program,⁹³¹ contends that each IOU territory is unique and that this cycle should collect data and task the Mid-Cycle Working Group to investigate and make recommendations for the next cycle.⁹³²

Design and Delivery: In response to EEC, SCE clarifies that it does not plan to shut down services for the multifamily segment until the transition to a third-party is complete. SCE will go through a transition period to implement the changes in the design of the ESA program, but will continue to support ESA participants in the current program delivery with existing contractors, trainers, customers and administrators.⁹³³

7.8.3. SoCal Gas

Measures: SoCalGas disagrees with the Joint Parties that installing gas appliances in existing low income multifamily buildings will delay the opportunity to cut greenhouse gasses and improve indoor air quality when cost effective electric alternatives exist.⁹³⁴ SoCalGas argues that cost-effectiveness considerations must include the full cost of retrofits, the impact on customers energy bills, and respect the customer's desire for choice of energy source.⁹³⁵ Finally SoCalGas argues that installing efficient same-fuel appliances does decrease GHG's with minimal customer disruption, and that the Joint Parties' request to require electrification proposals is outside the scope of this proceeding.⁹³⁶

⁹³¹ SCE-02., at pp. 37-38; and SCE Opening Brief, 15.

⁹³² SCE Opening Brief, 16.

⁹³³ SCE Response to Protests and Replies, 6.

⁹³⁴ SoCalGas Reply to Protests and Responses, 4.

⁹³⁵ *Id* at 4-5.

⁹³⁶ *Id* at 5.

7.8.4. SDG&E

Third Party Solicitation and Administration: SDG&E agrees with parties' suggestion that all multifamily properties should be served by a statewide third-party multifamily program so long as the implementer is "required to deliver projects in each IOUs territory that are commensurate with the ratepayer dollars that each IOU contributes to the program."⁹³⁷

Design and Delivery: SDG&E disagrees with the Joint Parties' assertion that it is not in compliance with D.19-06-022 because it does not propose a system similar to the Massachusetts LEAN program.⁹³⁸ SDG&E argues that the Commission guidance did not require the creation of a similarly seamless customer interface, but rather that the IOUs articulate how their proposal will address the goal of creating such an interface.⁹³⁹ SDG&E argues that its proposal of a more robust SPOC backed by an appropriate technology platform will allow for a seamless interface in its territory. The utility also argues that if a statewide platform is established, it will then request additional funding to integrate the platforms statewide, and any solicitation for the MFWB program will include criteria for implementers to integrate their efforts.⁹⁴⁰ As a broader point, SDG&E also believes that certain studies cited by the Joint Parties do not align with ESA program objectives and should not apply to the low income programs.⁹⁴¹

⁹³⁷ SDG&E Prepared Rebuttal Testimony of Sara Nordin, VII SN-ESA 26.

⁹³⁸ SDG&E Reply to Protests and Responses, 4.

⁹³⁹ *Id* at 4-5.

⁹⁴⁰ *Id* at 5.

⁹⁴¹ *Id* at 6.

7.8.5. MCE

Design and Delivery: MCE responds to EEC's allegations of creating a duplicative program by arguing that its program is materially different from PG&E's and that offering different program options in a shared service territory will improve customer and environmental outcomes.⁹⁴² Distinctive features between the MCE and PG&E MFWB programs include seamless integration with other programs offered by other energy and non-energy agencies to make it easier for owners and tenants to maximize both the impact of building upgrades and the available incentives to support such comprehensive work.⁹⁴³ MCE states that participating property owners have also expressed appreciation for the flexibility to select contractors and equipment best suited to their property, which also makes LIFT different from PG&E's MFWB program.⁹⁴⁴ MCE also supports the development of a Joint Cooperation Memorandum with PG&E, because such tools have been successful in promoting coordination and preventing duplication and double counting in PG&E's and MCE's general market multifamily energy efficiency programs.⁹⁴⁵

Eligibility and Enrollment: MCE proposes the same renter protections the Commission adopted in D.18-12-015 for the San Joaquin Valley pilot projects, specifically referring to signed affidavits that will limit rent increases and evictions for a period of five years.⁹⁴⁶ MCE does acknowledge that these efforts

⁹⁴² MCE Reply to Protests and Responses, 2.

⁹⁴³ *Ibid.*

⁹⁴⁴ MCE Reply to Protests and Responses, 2.

⁹⁴⁵ *Id* at 3.

⁹⁴⁶ *Id* at 6.

are a starting point and will revisit them annually to ensure they are protecting tenant affordability.⁹⁴⁷

Budget: In response to Cal Advocates' question as to whether MCE has the authority to use ratepayer funds to administer a MFWB program under ESA, MCE states that the language in D.16-11-022 affirms MCE's authority to administer a MFWB program under ESA when it directed MCE to "use the Application process if it elects to extend the LIFT pilot on a more permanent basis in the next program cycle."⁹⁴⁸

In response to PG&E's comments that MCE's administrative cost significantly exceeding 10 percent (averaging 35 percent in PYs 2021-2026, and 53 percent in PY 2021),⁹⁴⁹ MCE asserts that it presented its budget in a format different than that used by the IOUs. So when aligned with the IOUs' approach, administrative costs actually average 11.3 percent in PYs 2021-2026, and are therefore, in line with the IOU budgets.⁹⁵⁰ MCE also adds that serving naturally occurring affordable housing slightly increases administrative costs because additional time must be spent with participating owners and tenants to ensure that all parties understand the program offerings and requirements.⁹⁵¹ MCE argues that these costs are reasonable and serve the public interest by ensuring that renters in these properties can benefit from energy efficiency investments while remaining assured that they will be able to stay in their homes.⁹⁵²

⁹⁴⁷ *Id* at 6-7.

⁹⁴⁸ *Id* at 1-2.

⁹⁴⁹ PG&E Response to MCE Application, 4.

⁹⁵⁰ MCE Reply to Protests and Responses, 5.

⁹⁵¹ *Ibid.*

⁹⁵² MCE Reply to Protests and Responses, 5-6.

7.9. Discussion

7.9.1. Third Party Solicitation and Administration: **Approved with Modifications**

We approve the IOU proposals to develop a competitive solicitation for the implementation, delivery, and certain design aspects of the MFWB program to a third-party, using a single stage solicitation process with two-step selection that will include the use of a PRG and an IE. However, we deny outsourcing the entire program design, partially retreating from our initial vision for it to be designed and delivered by a third-party per D.16-08-019. We agree with the Joint Parties that the IOUs, parties, and even the potential bidders will benefit from further clarity and program guidance with respect to the requirements of the MFWB programs. We also believe that the IOUs should maintain an active role in the program design and will require the IOUs to provide minimum requirements and direction in the solicitation phase (rather than leaving all design aspects up to the bidder), as well as work with the contracted third party upon completion of the competitive solicitation phase, to develop a design that is in full compliance with this decision, in particular adhering to cost-effectiveness guidelines and the ESA portfolio goals. The MFWB program should work towards maximizing a building's demand response technologies, greenhouse gas reduction, water-energy nexus, and the HCS of tenants and the IOUs shall include these considerations into the solicitation process.

MFWB to Include all Multifamily Offerings

We find PG&E's approach to combine and outsource all multifamily services under one program (in-unit, CAM, MFWB) to be the most logical of all the IOU submissions and in the best interest of customers. Therefore, the final MFWB programs will include all multifamily sector services (in unit, CAM, MFWB) to be implemented by a non-utility, third-party.

Single Stage Solicitation with Two Step Selection

We approve SDG&E's proposal for single stage solicitation with two-step selection and require the lead IOUs to follow the same solicitation process. We find that this protocol is less burdensome than a formal two-stage solicitation process and increases the opportunity for a complete assessment of the bidders. Attachment 4 of this decision provides further guidance on the solicitation requirements, review, selection, scoring, and timelines. Some of the details in Attachment 4, not included in the body or ordering paragraphs of this decision, may be periodically updated, or amended by Energy Division staff.

Solicitation for a Northern and Southern Program

In terms of the administration of the MFWB program, we deny both the statewide approach, as well as individual local approaches. We have determined that implementing one statewide program may be too large of a program for this market and may take longer to design and launch. Additionally, multiple individual IOU solicitations and programs will not be an efficient use of resources, will duplicate efforts in overlapping territories, and possibly cause confusion for property owners dealing with service from multiple IOUs. Instead, we will require solicitations for and administration of two MFWB programs, a Northern and a Southern MFWB program. SCE, SoCalGas, and SDG&E will contribute funding to the Southern MFWB program, with SDG&E designated as the lead IOU leading the solicitation process and program management. PG&E will run and manage a Northern MFWB program.

The lead IOU will facilitate the PRG and selection of the IE in consultation with the other IOUs. The lead IOU will have responsibility for program vision development, design/delivery, and intervention strategies (in consultation with the other IOUs); procurement, contract administration, and co-funding

management; sole implementer oversight responsibilities including management, rewards, implementer performance review, and program performance review, and any necessary corrective actions; meeting savings goals, treatment goals, and customer satisfaction levels; metric development; and reporting. The lead IOU should utilize joint meetings of the IOUs on a consultative basis to determine program vision, design/delivery, and implementation. We strongly encourage collaboration amongst the IOUs. The lead IOU shall still prioritize the PRG and IE recommendations on matters germane to their roles and responsibilities.

Requirement for a PRG and IE

As there will only be two solicitation processes to oversee, we require a statewide IE and PRG to oversee both the Northern and Southern MFWB solicitation processes. PG&E and SDG&E will work together to select an appropriate IE with input from the other IOUs and PRG. The low income PRG will include members of non-financially-interested parties, with membership approved by the Director of the Commission's Energy Division. While we recognize the contribution that CCAs have made to main energy efficiency PRGs, we also find that within the low income proceeding, CCAs are potentially a financially-interested party. In approving the PRG and requiring the IOUs to set some minimum requirements for the program, we deny the Joint Parties' proposal for a Best Practices Collaborative and deem it unnecessary.

The lead IOUs shall contract a statewide IE with energy efficiency, multifamily, and low-income sector expertise. It is acceptable for the IOUs to

select an appropriate statewide IE from their current IE pool.⁹⁵³ The lead IOUs shall jointly inform the Director of the Commission's Energy Division (Director) of its selected IE via an email letter. The Director may approve the selected IE via email or, if warranted, may order the IOUs to conduct another solicitation for an IE or take other action. The IE shall be contracted prior to the launch of the Request for Proposal. The IE shall provide at least the following services:

- Consultation and support to the PRG, especially Energy Division staff.
- For each solicitation, a monthly report on its status and progress to be presented to the PRG.
- For each solicitation, an individual final report to be submitted along with the Tier 2 advice letter seeking review of such contracts.
- A public final report on the overall process and conduct of the third party solicitations to be filed in the relevant low-income energy efficiency proceeding.

The IE is expected to provide unbiased assessment and feedback. IE reports should fairly capture where there is agreement or disagreement. The IE should not have any conflicts of interest.

It is the PRG's responsibility to be involved at all levels in the solicitation process, including:

- Draft RFP review.
- Review of RFP bid selection criteria.
- RFP shortlist and selected bidder review.
- Review of interview questions and bidder responses.

⁹⁵³ IOUs were directed in D.18-01-004 to create a pool of qualified IEs for the third-party solicitations within the main Energy Efficiency Portfolios.

- Review IE evaluations of all solicitations.
- Review of draft contract with program's Implementation Plan.

The program design is not directed to be fully designed and delivered by a third-party, as such, the PRG is allowed to provide feedback and recommendations on the final program design, including available measures. The PRG is advisory, and members must not have any conflicts of interest.

Lead IOU Role in Relation to PRG and IE

To help form this low-income statewide PRG, the lead IOUs will issue a notice to the service list, and related lists, informing them of the MFWB program solicitation and opportunity to participate in the PRG.⁹⁵⁴

We require the lead IOUs to conduct the PRG following these requirements:

- All meetings shall be noticed at least three business days in advance.
- Any materials to be discussed shall be distributed at least three business days in advance.
- Call number shall be provided to all participants.
- The PRG shall be consulted at all stages of the solicitation process, including, but not limited to:
 - Reviewing the solicitation plan,
 - Providing timely input into the draft solicitation language and evaluation criteria; and
 - Providing recommendations based on review of materials.

This process should rely upon the materials established for the third-party process in the main energy efficiency portfolio and modify them as appropriate for the low-income, multifamily sector.

⁹⁵⁴ SoCalGas Testimony (Rendler), 11.

Advice Letter Requirement upon Contract Selection

The lead IOUs for the Northern and Southern MFWB programs shall submit a Tier 2 advice letter within 15 days of when the solicitation process concludes and a contract is executed, and at a date no later than November 30, 2022, detailing the multifamily whole building program design, including a budget by category, measure offerings, energy savings goals, treatment targets, cost effectiveness values, contract terms, and Independent Evaluator Report. The contract will be considered finalized once the advice letter is approved. Energy Division staff will review for the program's conformance with statute, this decision, and that the solicitation process was fair and transparent. The finalized MFWB program is authorized here to begin no sooner than January 1, 2023.

7.9.2. Third Party Design and Delivery: Approved in Part

The IOUs may delegate the design of the program to bidders including proposed measures, marketing and outreach, and contractor choice. However, we agree with the Joint Parties that a consistent approach should be taken, and therefore set the following minimum requirements for the program design:

- A single in-take application (which can include reliance on the MFWB portal).
- Comprehensive technical assistance.
- Consideration of healthy building materials.
- Energy audits and expanded measure lists with consideration for highly efficient electrification measures.
- Segmentation treatment plan.

- Program leveraging, 955 including program-to-program customer referrals.
- A comprehensive treatment approach including in unit and CAM measures.
- Leveraging with CSD LIWP to provide ESA funding for in-unit treatment measures that are common to the ESA and LIWP programs.
- In-language applications and marketing materials, at a minimum Spanish.
- Workforce outreach plans for leveraging existing available WE&T programs, a preference for hiring from DACs and local communities.
- SPOC services (where proposed to be outsourced), to be a “true one stop model” whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access.

During PYs 2023-2026, when the MFWB programs are operational, the IOUs and MFWB program administrators will make annual presentations to the ESA Working Group to report on progress and receive feedback. Additionally, the lead IOUs will include progress tracking on the MFWB programs in their monthly reports and provide annual updates within their annual reports.

Multifamily Central Portal

As part of the design, we also approve SDG&E and SoCalGas’ proposals to create an online statewide multifamily application portal for customers, the Multifamily Central Portal. To fund this effort, the IOUs can spend up to \$500k statewide from the approved ESA ME&O budgets utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15

⁹⁵⁵ Programs could include those offered by utilities, Regional Energy Networks, Community Choice Aggregators, Municipal Utilities, and other California agencies. They may include services like customer generation, efficiency, etc.

percent). PG&E is designated to be the IOU lead for development and implementation of the Multifamily Central Portal which shall be available by November 30, 2022. A portion of the budget shall be reserved for ongoing maintenance and continued development over the program cycle. At a minimum, and by November 30, 2022, this portal will allow tenants and property owners to submit inquiries and applications for the Northern and Southern MFWB programs and track that information for program administrators. The feature set at launch should match the available time frame for initial development. The IOUs must provide easy-to-find, clear and distinguishable links to this application portal from their own websites. The portal can include descriptive program information and partnerships information, or links as determined by the ESA Working Group.

Continuing Multifamily ESA In Unit and CAM Offerings in the Interim

Lastly, we direct the IOUs to continue offering their multifamily ESA in unit and CAM measure offerings until the MFWB programs are up and running. Until that time, the rules adopted in D.17-12-009 governing CAM remain, except for any revisions to eligibility, ESA measure changes, and reporting requirements adjusted here. We will continue CAM's annual reporting requirement and require the IOUs to report the normalized energy use and savings.⁹⁵⁶ The reporting template approved by Energy Division will include the specifics of this reporting criteria.

7.9.3. SPOC Proposals: Approved with Modifications

We approve the IOUs' SPOC proposals, whether the IOU proposes to keep SPOC in house (SCE, SDG&E, SoCalGas) or outsourced (PG&E), but will require

⁹⁵⁶ D.16-11-002, Section 3.9.3, page 213; modified by D.17-12-009.

alignment across all IOU multifamily programs on key SPOC services. These include requiring the SPOC to 1) offer benchmarking services (through EPA Portfolio Manager), 2) offer financial services, 3) be a “true one stop model” whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access, and 3) continue to offer on-bill financing to qualified deed-restricted multifamily properties.⁹⁵⁷ Lastly, we approve SDG&E’s proposal to use its “rapid feedback” budget to study its SPOC model.

7.9.4. Treatment of Non-Deed Restricted Properties: Approved

We approve extending eligibility to receive services (including in unit, CAM and MFWB measures) to non-deed restricted multifamily properties that meet the program’s income requirements. We determine that non-deed restricted properties also have reasonable efficiency opportunities, and thus require all the IOUs to offer comprehensive multifamily services to all eligible deed restricted and non-deed restricted multifamily properties.

7.9.5. Lowering the Eligibility Threshold for Deed Restricted Properties: Approved

For deed restricted properties, we approve lowering the income qualification threshold from 80 percent of the households at the property meeting the ESA income requirements to 65 percent to qualify for MFWB services or CAM services. We also approve lowering the income qualification threshold from 80 percent of the households at the property meeting the ESA income requirements to 65 percent to qualify for full property treatment of ESA in-unit services to create eligibility alignment. For deed restricted properties, we are confident that the remaining units are likely to also be income qualified.

⁹⁵⁷ D.16-11-022, modified by D.17-12-009, OP 44.

7.9.6. Lowering the Eligibility Threshold for Non Deed Restricted Properties: Denied

For non-deed restricted properties, we deny PG&E's request to lower the income qualification threshold from 80 percent of the households at the property meeting the ESA income requirements to 65 percent to qualify for MFWB services or CAM services. We also deny SCE's request to lower the income qualification threshold from 80 percent of the households at the property meeting the ESA income requirements to 65 percent to qualify for full property treatment of ESA in-unit services. Due to the lack of record to show that a 65 percent threshold is reasonable for non-deed restricted properties, we will be conservative in maintaining the 80 percent threshold.

7.9.7. Allowing Property Owner Enrollment and Certification: Approved

We approve PG&E's proposal to allow property owners to enroll tenants into ESA for in-unit measures and install measures without the tenant having to separately enroll, so long as the property owner provides appropriate income eligibility documentation. This is an important step in supporting and easing the property owners' ability to obtain program access on behalf of qualified tenants, and all the IOUs shall implement this policy.

Also, currently, landlords can certify that at least 80 percent of the building's tenants meet the ESA income eligibility thresholds and therefore can authorize treatment for all households without the IOUs requiring individual verification.⁹⁵⁸ Due to the approved changes in eligibility requirements above, multifamily deed-restricted property owners can now certify that 65% of their properties' tenants meet ESA income eligibility thresholds and therefore can

⁹⁵⁸ D.17-12-009, 185.

authorize treatment for all households without the IOUs requiring individual verification.

7.9.8. Changing the Income Eligibility Requirement: Denied

We deny changing the low income eligibility guideline from 200 percent FPG to 60 percent AMI, for the reasons discussed in Section 6.3.8.1.

7.9.9. Waiving Property Owner Consent: Denied

We deny EEC's proposal to provide multifamily renters with all measures without property owner approval for the reasons discussed in Section 6.3.8.1.

7.9.10. Third Party Proposed Measures and Co-Pays: Approved with Modifications

We approve the IOUs proposal to delegate the development of the measure mix to third party bidders, so do not approve a specific measure list here. However, we acknowledge the concerns of parties that the MFWB and CAM offerings are expensive improvements funded by ratepayers that provide benefits to the property owners (who are likely not low income), but not always the tenants (who are likely low income), even when bill savings and HCS benefits accrue to them. Therefore, to address these concerns, we approve SDG&E's proposal to require a 50 percent property owner co-pay for MFWB measures and CAM measures in non-deed restricted buildings and require all the IOUs to implement this co-pay requirement. Eligible multifamily ESA in unit measures will continue to be fully subsidized for both deed restricted and non-deed restricted properties, and so have no co-pay requirement.

7.9.11. Rent Protections: New

We agree with EEC and other parties that participation in the MFWB and CAM programs do little to prevent rent increases, flips, or gentrification of these buildings post treatment. Therefore, to protect tenants and avoid negative impacts to housing affordability, we will require rent restriction agreements

between the IOUs and non-deed restricted MFWB program property owners. The agreement shall stipulate that the property owner will agree to maintain at least 50 percent of the building tenants as CARE income qualified for a period of 10 years following the measures received, using Massachusetts's LEAN Program's "Multifamily Owner Affordability Agreement" as a model.⁹⁵⁹ The property owner shall also agree to not significantly increase rents because of home improvements over this same period. If a deed restricted property's term ends within 10 years after receiving MFWB or CAM treatment, then the deed restricted property shall also be subject to the same tenant protection agreement after its expiry through the end of the 10-year period. This approach is consistent with what is being required in the Commission's San Joaquin Valley pilots,⁹⁶⁰ CSD LIWP, and other similar low income qualified efficiency programs (Massachusetts LEAN and NYSERDA) in terms of rent protections. With the rent restriction requirements approved above, we deny both the lenient IOU proposals for rent restrictions and EEC's burdensome five-year liens.⁹⁶¹ Lastly, the agreements need not be submitted to the Commission for review and approval; however, Energy Division may request to review and provide input.

7.9.12. Treatment Goals: Approved with Modifications
Multifamily Treatment Targets for PY2022 (In-Unit and CAM)

⁹⁵⁹ Joint Parties Rebuttal Testimony, Exhibit A.

⁹⁶⁰ D.18-12-015 set requirements for the San Joaquin Valley Pilots and requires IOUs to enact agreements with participating property owners to not increase rents or evict tenants because of participation. Ordering Paragraph 12(e).

⁹⁶¹ EEC recommended that incentives over \$10,000 for a non-deed restricted (NDR) have a lien placed on its property for at least 5 years with enforceable rent restrictions (Opening Brief, at page 11). A similar recommendation was brought forward for Resolution E-5043, but the Commission declined to move forward with liens as it was determined to be overly burdensome.

We approve the following multifamily household treatment targets for PY 2022⁹⁶² to be tracked and reported, but not set as goals prior to implementation of the MFWB program. These targets are reduced by 14 percent reflecting the budget reduction to the overall ESA program budgets discussed Section 6.15.8.1.

Table 15: Approved Multifamily Household Treatment Targets, PY 2022

Approved Multifamily Household Treatment Targets, PY 2022	
IOU	2022
PG&E	9,262
SCE	6,028
SoCalGas	24,091
SDG&E	7,740
Total	47,121

Multifamily Treatment Targets for PYs 2023-2026 (MFWB)

We approve the following MFWB household treatment targets for PYs 2023-2026. We also reduce the overall household treatment target for the Southern MFWB program as we no longer need to count households separately for each IOU and expect significant overlap, estimated at 50 percent, with SCE and SoCalGas' territories. These targets are further reduced by 14 percent reflecting the budget reduction to the overall ESA program budgets discussed in Section 6.15.8.1.

⁹⁶² For the remainder of PY 2021, the IOU multifamily household treatment levels are included in the overall household treatment levels approved for the 2021 bridge period per Section 6.9.8.1.

Table 16: Approved MFWB Household Treatment Targets, PYs 2023-2026

Program	MFWB Household Treatment Targets
Northern MFWB Program	71,400
Southern MFWB Program ⁹⁶³	172,723

7.9.13. Energy Savings Goals: Approved with Modifications

We approve the below energy savings goals for the Northern and Southern MFWB programs for PYs 2023-2026. The MFWB programs' energy savings goals should be clearly stated in its filings and progress tracked in the IOU monthly and annual reports. The reporting template approved by Energy Division will include the specifics of this reporting criteria. We also approve PG&E's request to adjust savings goals after the solicitation process for the Northern and Southern MFWB programs but will permit only an upwards adjustment.

Table 17: MFWB Program Savings Goals, PYs 2023-2026

Program	MFWB Program Savings Goals, 2023-2026	
	kWh	therms
Northern MFWB	76,960,131	2,992,244
Southern MFWB	39,365,118	2,293,375

⁹⁶³ This assumes that 50 percent of the units estimated to be treated by SCE will also be treated by SoCalGas.

7.9.14. Multifamily Program Budgets, PYs 2021-2022 (ESA In Unit, CAM, SPOC): Approved with Modifications

We approve the IOUs' multifamily program application budgets for in-unit measures, CAM and SPOC for PYs 2021-2022,⁹⁶⁴ or until the MFWB programs are implemented. Consistent with the budget adjustment made to the overall ESA budget discussed in Section 6.15.8.1, a 14 percent reduction will be applied to the PY 2022 "Energy Efficiency Total" ("above the line") and "Non-Energy Efficiency Total" budgets but will exclude studies that have specified budgets. Administrative costs shall also be capped at 10 percent, or the IOU's historical five-year average spend on administrative costs as a percentage of total multifamily program costs, whichever is greater. However, we note that SDG&E's request for CAM spending for non-deed restricted properties of \$19.7M for PYs 2021-2022 (which is 28 percent of its total multifamily program costs and 10 percent of its total ESA program costs) was significantly higher than what the other IOUs proposed. SDG&E's request to run a separate program for qualified low-income multifamily, non-deed restricted properties is denied. As SDG&E is required to direct their multifamily sector spending to the Southern MFWB program for PYs 2023-2026, we will not modify this specific budget as the funding will be designated between common area and in-unit measures per the winning bid.

For PYs 2021-2022, all the IOUs will run their ESA in-unit and CAM programs as proposed, and if the IOUs did not propose any interim CAM activities for these years, they will continue their existing CAM programs until such a time as they can be transitioned into the overall MFWB programs. Upon

⁹⁶⁴ For the remainder of PY 2021, the IOU multifamily budgets are included in the overall budgets approved for the 2021 bridge period per Section 6.15.8.1.

implementation of the Northern and Southern MFWB programs, expected in 2023, the IOUs shall shift all remaining unspent and uncommitted funds approved for multifamily in unit and CAM measures to the Northern and Southern MFWB programs to offset future collections. *See below* for the final approved multifamily program budgets.

Table 18: Approved Multifamily Budgets, PY 2022

Approved Multifamily Budgets, PY 2022	
PG&E ⁹⁶⁵	\$35.4M
SCE	\$5.7M
SoCalGas	\$18.6M
SDG&E	\$4.6M

We also require the IOUs to carry-forward any unspent and uncommitted CAM funding from the original allocation in D.17-12-009 remaining as of June 30, 2021 into the remainder of PY 2021 and 2022. This ESA CAM carry-forward amount will supplement the IOU approved multifamily budgets for the remainder of PY 2021 and 2022 for the continuation of ESA CAM services. However, any unspent and uncommitted funds allocated to the multifamily efforts remaining upon the implementation of the Northern and Southern MFWB programs, shall be used to offset collections for the MFWB programs as opposed to being used to supplement the approved Northern and Southern MFWB programs.

The IOUs must file a Tier 1 advice letter within 60 days after the approval of this decision with the updated ESA multifamily budgets for PYs 2021-2022 with the amounts being supplemented by the unspent and uncommitted CAM

⁹⁶⁵ PG&E multifamily Sector PY 2021 and PY 2022 funding includes their estimated portion of ESA in-unit expenses and includes SPOC.

funding remaining at the end of the 2020 program year, and the 2021 bridge period, as well as annual property treatment targets.

**7.9.15. Multifamily Program Budgets, PYs 2023-2026 (MFWB):
Approved with Modifications**

We approve the below budgets for the Northern MFWB and Southern MFWB programs beginning in 2023, which will include all MF offerings, (MFWB, in unit, and CAM), as well as program administration costs, (SPOC for PG&E only, Inspections, IOU Third Party Administration, etc.). Administrative costs shall also be capped at 10 percent of total multifamily program costs. We clarify that until the Northern and Southern MFWB programs are up and running, the IOUs are authorized their individual MF budgets for in unit and CAM offerings. The breakdown for contributions to the Southern MFWB Program are SCE 31 percent, SoCalGas 49 percent, and SDG&E 20 percent.

Table 19: Approved Northern and Southern MFWB Budgets, PYs 2023-2026

Program	Approved MFWB Budget (2023-2026)
Northern MFWB Program	\$174,076,023
Southern MFWB Program	\$173,310,891

We are not delineating the approved MFWB budgets by line item, measures, or activity. Instead, bidders will use solicitation process to put forth a detailed budget based on the program design being proposed. However, we do expect that most of the funding will go towards multifamily household treatment or to measures where bill savings accrue directly to the tenant. We also require that administration costs not exceed 10 percent of the total MFWB budget.

For the Southern MFWB program, to preserve service for multifamily customers in each IOU territory, we require that a minimum portion of the direct implementation budget be reserved for each IOU's customers at an amount

proportional to the IOUs' overall contribution to the program. This will ensure customer program access and acknowledges that SDG&E has limited service territory overlap with SCE and SoCalGas. Savings attribution can still follow the statewide program protocol of accruing based on proportion of overall budget contribution.⁹⁶⁶

7.9.16. Reporting: New

We will require additional reporting of the MFWB programs' progress and expect the IOUs to work with the selected contractor to provide data for the monthly and annual reports. D.17-12-009 required "the IOUs to report the normalized energy use and savings of the participating properties [for common area measures] in their ESA Program annual reports."⁹⁶⁷ We continue this requirement for the ESA CAM and MFWB programs and direct the IOUs to continue to confer with Energy Division as to the methodologies for reporting that information. For properties that receive common areas measures only, the IOUs must report the total number of units within those properties whether or not they received treatment. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

7.9.17. Post Decision Updates: Denied

We deny PG&E's request to propose policy changes based on the third-party administrator's design for the MFWB program upon completion of executed contracts. Given that this decision now provides guidance for the

⁹⁶⁶ D.18-05-041, page 72, states " D.16 08 019 addressed the issue of allocation of savings credit for statewide programs based on budget contributed by each IOU PA. We clarify that this means that credit for energy savings generated will be based on funding contributed only, and not in relation to the geographic region in which the energy efficiency measure was sold or installed."

⁹⁶⁷ D.17-12-009, 213.

MFWB program, there should be no need to update policies so long as the final design meets the requirements outlined in this decision.

7.9.18. Definitions and Other Clarifications

Definition: Ancillary Services

In D.17-12-009, the Commission stated, “In funding the work for common area measures for multi-family buildings, we include the ancillary services required for the installation of the measures, including commissioning.”⁹⁶⁸ In response to SoCalGas’ request for clarification on what is included in ancillary services for common area measures, we confirm that ancillary services include activities to protect tenant needs during construction as well as commissioning. These expenses for the MFWB programs should be captured and reported in monthly and annual reports as their own line-item.

Definition: Deed-Restriction

Decision 17-12-009 defines deed-restriction accordingly: “Eligible properties must meet the partial definition of deed-restricted in California Public Utilities Code Section 2852(a)(A) further modified here. For this ESA Program multi-family effort, a property must be a multi-family residential complex financed with low income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants.”⁹⁶⁹

Definitions: Multifamily

We confirm that that multifamily properties for the purposes of the ESA program, are defined as having five or more units, and also clarify that each unit must be combined (sharing a wall or floor/ceiling) with at least one other unit,

⁹⁶⁸ D.17-12-009, 196.

⁹⁶⁹ D.16-11-022, modified by D.17-12-009, 212.

since often in California there are low-rise apartments which may not have all five units connected.

Clarification: Compliance with Public Utilities Code 381.5 or 327(b)

Lastly, we dismiss EEC's claim that the IOUs have failed to comply with Pub Util. Code 381.5 or 327(b), as we did not find claims in opposition to these code sections in the IOU proposals.

7.9.19. MCE's Multifamily Program: Approved to be Continued as a Pilot

The Commission is interested in supporting the continuation of the LIFT pilot to study fuel substitution (particularly electrification) in low income multifamily buildings but rejects a duplicative solicitation process as we direct consolidation for the state's ESA multifamily programs under one Northern MFWB and one Southern MFWB for the reasons discussed above. MCE's territory falls within the Northern MFWB program and therefore, PG&E's Northern MFWB program should also serve MCE's customers. We are not convinced that implementing two separate MFWB programs within PG&E's service territory would be efficient with different implementers, different solicitations, and potentially different program requirements which will likely cause customer confusion.

Although MCE has been implementing a version of LIFT 2.0 as a pilot in its area, we do not have final pilot results yet, and therefore find it premature to approve a full MFWB program under LIFT 2.0. We are also persuaded by Cal Advocates' findings that most of the estimated savings from the LIFT 2.0 proposal (88 percent) will come from leveraged programs outside of its MFWB proposal,⁹⁷⁰ with only 22 percent of total estimated energy savings coming from

⁹⁷⁰ Hsu, Jeneille, CalPA, Testimony, 11-12.

the MFWB program.⁹⁷¹ Additionally, in comparing program costs to estimated energy savings (removing the savings attributed to leveraged programs), MCE's LIFT 2.0 proposal costs five times that of PG&E's MFWB proposal. These statistics combined with a lack of support, give us pause in approving the program as proposed.

We also conclude that MCE customers are not "undertreated" and do not agree with MCE that its customers cannot be adequately served by PG&E. Based on data provided in the monthly reports from PYs 2016-2020, ESA treatment levels by PG&E in MCE's territory are in line with the eligible low income population estimates,⁹⁷² and in some counties the penetration rates were above the eligible low income population estimates. As such, this indicates that PG&E can adequately serve or oversee the service of customers in the MCE territory with MFWB services without having to solicit for and implement two separate programs. Although we believe that there is value in further assessing cost-effective fuel substitution measures for low income multifamily properties, we deny the LIFT 2.0 proposal as a separate third-party designed and implemented MFWB program, and instead require that PG&E's Northern MFWB program approved in this decision carry forward the lessons learned from the LIFT Pilot. All multifamily services will then be offered through one Northern MFWB program which will encompass MCE's customers.

In the interim, and until the Northern MFWB program is ready for implementation, we extend the terms of the existing LIFT pilot and multifamily

⁹⁷¹ MCE Rebuttal Testimony, 10 Figure 1.

⁹⁷² PG&E monthly reports from PYs 2016-2020.

offerings so that MCE can collect additional data to inform the overall Northern MFWB program design, with the following requirements and guidance:

- Funding for the existing LIFT pilot will be extended through 2023 at an annual budget of \$1.3M or \$3.25M total.⁹⁷³ As in D.17-12-009, PG&E will collect and transfer these funds to MCE.
- Revised eligibility rules approved in this decision will apply to this pilot as relevant.
- MCE shall submit a Tier 1 advice letter no later than 6 months following this decision to update the LIFT pilot design, measure offerings (optional), and treatment and energy savings goals in light of the additional time and funding provided. The advice letter shall also include an updated program manual and new evaluation plan. All fuel substitution measures must pass the latest Commission Fuel Substitution Test.⁹⁷⁴
- MCE shall modify the plan to pursue program leveraging to reduce heat pump costs, promote efficiency and demand response technologies, allow customer choice of contractors, give tenant education on heat pump operation, and contractor education on heat pump installations.⁹⁷⁵
- MCE's new evaluation plan must consider re-assessing current cycle LIFT phase one participants to understand energy and bill savings persistence, tenant turn-over, treated household income changes, and contractor education barriers.
- MCE shall continue providing monthly reports with an interim progress report due May 1, 2022, and a final report due May 1, 2024. The report shall include at a minimum the number of measures installed, units and properties served, total energy savings (kWh, kW, and therms) per measure/unit/property, associated GHG reductions per measure/unit/property, and actual budget expenses. The reporting template approved by

⁹⁷³ Hsu, Jeneille, CalPA, Testimony, 13-14.

⁹⁷⁴ The FST Guidance on CET calculations may have limited application for the purposes of calculating ESACET scores. Consult with Energy Division for clarification if needed.

⁹⁷⁵ MCE Application, 16-17.

Energy Division will include the specifics of this reporting criteria.

- The pilot will end on December 31, 2023. Any unspent and uncommitted funds will be returned to ratepayers through PG&E's next annual true-up advice letter in 2024.

The pilot results, lessons learned, and any successful measures and strategies will be considered by the PRG and the lead IOUs to inform the design and/or implementation of the MFWB programs. We recognize that the timing of the final report may not align perfectly with the MFWB program solicitation for possibly incorporating lessons learned but will require that the MFWB design be informed by pilot information gathered to date whether through the LIFT pilot monthly or interim reports. There may be a brief period of time where the pilot overlaps with the start of the Northern MFWB program if it begins prior to the pilot's end-date.

We deny requiring a formal Joint Cooperation Memo; however, we will require that MCE and PG&E have an agreement to coordinate efforts.

We deny MCE's proposal to define multifamily as a property with four or more units and require MCE to use the definition established in D.19-06-022, where multifamily is defined as a property with five or more units.

Lastly, we note that with oversight from a PRG for the MFWB programs, we are confident that MCE and PG&E can work together to implement a successful, streamlined, and effective MF program.

8. Studies and Pilots

8.1. Consistent Pilot Standards

TURN states that no specific, formal standards for elements of a pilot proposal or guiding review of that proposal exist, and that well-designed standards would help facilitate review of proposed pilots and set expectations

for the purpose of pilots and the criteria by which their performance will be assessed. TURN therefore proposes that the Commission adopt minimum elements for pilot design, implementation, and reporting with clear documentation of the goals, as well as how progress toward these goals will be measured. TURN states that the IOUs should be required to immediately supplement their pilot proposals with the additional information before approving them:⁹⁷⁶

- Lessons already learned from previous research and pilots, and how these past and potentially ongoing learnings will relate to the currently proposed pilot.
- Gaps in understanding that would be filled by the proposed pilot, and the logic for the specific pilot study design proposed.
- Alternative approaches that could be used to fill in these knowledge gaps, and why the proposed approach is better than alternatives.
- Whether the utility intends to deploy the pilot at a larger scale, and if so, how the metrics and data collected will enable the utility to decide whether to recommend a wider roll-out.
- A plan for evaluating the pilot, including a description of the metrics that will be used to evaluate the impacts and measure the success of the pilot.
- Whether there are opportunities for learning on other, related issues.

Additionally, TURN recommends an opportunity to incorporate the results of pilots and other studies authorized as part of the 2021-2026 budgets into this program cycle, as well as into future program cycles.

8.1.1. Party Positions

No substantive party comments were received on this topic.

⁹⁷⁶ TURN Testimony of Alice Napoleon, 40-42.

8.1.2. Discussion

8.1.2.1. Consistent Pilot Standards: Approved with Modifications

We appreciate TURN's effort to introduce standards to the IOUs' pilot programs; however, given the variation in the types of pilots proposed, and the budgets to implement them, we decline to require the full set standards for all pilot programs as proposed. Instead, we direct the IOUs to respond to TURN's supplemental information proposal as a test case while implementing the Pilot Plus and Pilot Deep program, as described in Attachment 2, through the workshop and/or subsequent advice letter.

8.2. Studies Funding Approach

PG&E and SoCalGas propose adopting the mainstream energy efficiency program's approach to defining an overall statewide study budget along with a study roadmap process that provides both transparency and flexibility to scope forthcoming study proposals and associated budgets to be included in the annual ESA-CARE reports. With this approach, statewide budgets are proposed for study categories, not specific studies, and therefore specific budgets for each specific study would be designated as they are scoped. The IOUs would then work with the ESA/CARE Study Working Group to finalize the project scope and timing of each study and would continue to manage the projects using a statewide co-funding structure with an assigned lead utility for each project.⁹⁷⁷

8.2.1. Party Positions

No substantive party comments were received on this topic.

⁹⁷⁷ PG&E Testimony I-172, SoCalGas Testimony of Mark Aguirre and Erin Brooks, 144.

8.2.2. Discussion

8.2.2.1. Studies Funding Approach: Approved

We approve PG&E and SoCalGas' proposal to develop a process to plan all program cycle measurement and evaluation studies. We direct the ESA/CARE Study Working Group to incorporate the existing approved studies from this decision along with the approved plans for the IOUs Evolving Study and data needs discussed in Section 8.13.2. In approving both the studies funding approach as well as specific studies below, we provide flexibility, and delegate responsibility to the IOUs and the ESA/CARE Study Working Group to assess continuously the ESA portfolio and adjust the study budget and planning process on an ongoing basis as needed.

8.3. PG&E Long-Term CARE Customer Pilot/ Research Plan

PG&E proposes a Long-Term CARE Customer pilot at \$275,000 to test the effectiveness of different outreach and communications to increase ESA participation with long-term CARE customers that have not enrolled in ESA.⁹⁷⁸ The pilot will focus on marketing and outreach strategy, tactics, and messaging to assist in enrolling long-term CARE customers into the ESA program. The target customers will be selected from a population that 1) has been receiving the CARE discount for more than 10 years continuously, 2) has occupied the same premise during this time, and 3) has not participated in ESA. Two groups of 145,000 customers each will be selected with one group receiving communications focused on benefits of ESA, while the other will receive communications focused on the economic impact of potentially losing their CARE discount. Both groups will receive information that they must respond or risk losing their CARE discount. Data collection and analysis on the impacts of

⁹⁷⁸ *Id* at II-23.

messaging around positive benefits and negative economic impacts will be used to inform future ESA and CARE enrollment policies.⁹⁷⁹

After the Studies and Pilots Workshop held on June 3, 2020,⁹⁸⁰ PG&E amended their proposed pilot to be a research project with the proposed budget moved to the ESA Marketing and Outreach budget.⁹⁸¹ The purpose of the research is to uncover communication tactics and messaging that inadvertently create participation barriers. PG&E plans to conduct a survey and possibly interview long-term CARE customers to determine what prevents them from ESA participation. PG&E will use their research findings to inform the development of new marketing and outreach materials addressing barriers. The new materials will be multi-pathway (mail, digital, phone) for certain customer targets in multiple languages. PG&E will then assess the marketing and outreach plan's impact.

8.3.1. Party Positions

No substantive party comments were received on this topic.

8.3.2. Discussion

8.3.2.1. Long-Term CARE Customer Research Plan: Approved with Modifications

We approve PG&E's research plan to be funded through their existing authorized ESA marketing and outreach budget, with the modification that CARE customers will not receive messaging that their discounts are in jeopardy. We further require that PG&E produce a final report to be appended to their annual report in the year following the conclusion of this research.

⁹⁷⁹ *Id* at I-179-80.

⁹⁸⁰ Low Income Programs Wrap-Up Workshop held on June 3, 2020.

⁹⁸¹ PG&E Ruling Comments, 48.

8.4. PG&E Virtual Energy Coach Pilot

The PG&E Virtual Energy Coach pilot will evaluate the impact of personalized communications on customer behavior, with a proposed budget of \$1,300,000.⁹⁸² In the 2021-2026 program cycle PG&E proposes to extend and enhance the use of load profiles for both CARE and ESA customers. PG&E intends to test the impact of the personal profile information on driving energy savings, residential rate selection, participation in other programs, and changes in behavior.⁹⁸³ The proposed pilot will provide ESA participants with Virtual Energy Coach to help implement personalized energy action plans.⁹⁸⁴ The results are anticipated to assist in determining if additional support, follow up, and progress tracking can cost-effectively make positive differences in energy use, hardship reduction, customer engagements, and satisfaction.⁹⁸⁵

8.4.1. Party Positions

No substantive party comments were received on this topic.

8.4.2. Discussion

8.4.2.1. PG&E's Virtual Energy Coach Pilot: Approved

We approve PG&E's Virtual Energy Coach pilot, as it is consistent with the Staff Proposal ideas regarding a comprehensive customer profile, and referrals and coordination with other applicable clean energy programs. Given that PG&E proposes to seek full program approval in 2024 with a full program launch in 2025, we recommend that PG&E accelerate the pilot so findings can be considered and potentially incorporated into the mid-cycle process to benefits

⁹⁸² PG&E Testimony Attachment A.

⁹⁸³ PG&E Testimony, I-42.

⁹⁸⁴ *Id* at I-179.

⁹⁸⁵ *Ibid.*

customers statewide. We also recommend that the pilot findings related to customer segmentation data collection and coordination opportunities be incorporated into the ESA/CARE program, through updates to monthly and annual reporting, and adjustments to ME&O tactics to improve current program delivery and inform future program design. The reporting template approved by Energy Division will include the specifics of this reporting criteria. Lastly, we direct PG&E coordinate the pilot evaluation with the ESA/CARE Study Working Group.

8.5. SCE Building Electrification Pilot

SCE's Building Electrification pilot (BE pilot) will provide an opportunity for high-usage, income qualified single family households in DACs to participate in a building electrification pilot to receive electrification offerings.⁹⁸⁶ SCE states that the BE pilot supports the state's ambitious GHG reduction goals, and strives to bring environmental equity to vulnerable populations through reducing indoor nitrogen oxide emissions by replacing combustion-based water heaters, space heating and cooling equipment, cooking appliances and laundry appliances.⁹⁸⁷ Studies cited by SCE show that switching from natural gas to electric home appliances can generate site energy savings up to 73 percent in residential buildings.⁹⁸⁸ Scaling adoption of BE technologies may also result in reductions in air pollution, improvements in indoor air quality and health benefits, grid benefits, and economic development benefits.⁹⁸⁹

⁹⁸⁶ SCE Application, 8.

⁹⁸⁷ SCE Prepared Testimony, II 105.

⁹⁸⁸ *Id* at II 106.

⁹⁸⁹ *Id* at II 106-108.

Objectives of the pilot are to provide cleaner, more affordable energy options to low income single family residential customers located in DACs in SCE's jurisdiction, and to continue gathering data needed to refine SCE's efforts to provide clean and affordable energy options to DAC residents.⁹⁹⁰ Specific objectives include providing BE retrofits to reduce energy operating costs and GHG production of customers currently using natural gas or propane, maximizing the pilot funds by identifying and partnering with other agencies or organizations with a mutual interest, increasing low income customer's knowledge and satisfaction of clean energy options provided via electrification, and testing an analytical approach to model and target high priority customer segments for comprehensive residential electrification retrofits using GIS analysis.⁹⁹¹

SCE is requesting \$47.5 million over PYs 2021-2026 to treat 3,130 homes. SCE estimates that the pilot will result in energy savings of 20,952 MWh and emissions savings of 3,881 CO2 metric tons.⁹⁹² The pilot will offer a variety of heat pump technologies for space and water heating, and clothes drying, and other electric technologies, including induction cooktops that offer faster, safer, and cleaner alternatives to gas appliances. It will also utilize a targeted approach to prioritize homes and provide appropriate measure mixes to create utility bill savings for building occupants. SCE also proposes an advice letter process to request implementation of additional technologies and proposes being allowed

⁹⁹⁰ *Id* at II 108.

⁹⁹¹ *Id* at II 108-109.

⁹⁹² SCE Second Amended Testimony, II 110.

to seek additional funding as part of the mid-cycle review process to scale the program more rapidly should the pilot prove successful.⁹⁹³

8.5.1. Party Positions

8.5.1.1. Cal Advocates

Does Not Support: Cal Advocates recommend rejecting this pilot because it is duplicative of other currently authorized electrification programs in terms of offerings, targeted populations, and goals (specifically the TECH Initiative, and the San Joaquin Valley DAC electrification pilot), and provides few benefits relative to its costs (one pilot measure, Mini-Split Heat Pump costs \$10,296 per install).⁹⁹⁴

8.5.1.2. La Cooperativa et al.

Supports, but Needs to go Further: La Cooperativa et al. commends SCE for its BE pilot but recommends that it does not go far enough. La Cooperativa et al. recommends that solar technology should also be installed to offset the increase in electric consumption thus furthering the energy burden for low income households residing in climate zones where temperatures are extreme.⁹⁹⁵ Further, they argue that this is the “perfect place” to test solar technology on a wider scale in future program designs. La Cooperativa et al. agrees that it is important to incorporate the reduction or elimination of CARE subsidies in forecasting measure payback and savings-to-investment ratios. As the cost of electricity increases, the cost avoidance of the CARE subsidy becomes a bigger benefit for ratepayers.⁹⁹⁶

⁹⁹³ SCE Prepared Testimony, II 110.

⁹⁹⁴ Cal Advocated Amended Testimony, 1-33 – 1-36.

⁹⁹⁵ La Cooperative Response to SCE Application, 9.

⁹⁹⁶ *Id* at 9-10.

8.5.1.3. TURN

Does Not Support: TURN does not support approving the BE pilot until SCE has provided adequate justification for the proposed pilot.⁹⁹⁷ Instead, SCE should re-submit the pilot proposal with additional information once interim or final results are available from the SJV Pilot. However, should the BE pilot be approved, TURN recommends that the pilot results be considered in this program cycle to inform the current program, to the extent feasible.⁹⁹⁸

8.5.1.4. EEC and TELACU et al.

Does Not Support: EEC and TELACU et al. state that SCE needs to do more to ensure low-income families do not experience increased costs and shutoffs due to BE retrofits. Additionally, before major program changes are adopted to incorporate electrification measures, the Commission should first understand the customer impacts and lessons learned from the ongoing SJV DAC electrification pilot.⁹⁹⁹

8.5.2. IOU Response

8.5.2.1. SCE

SCE disagrees with Cal Advocates' statement that its BE pilot is duplicative of other authorized pilots, stating that although they may have similar objectives in providing affordable, clean energy options to low income residential customers residing in DACs, reducing overall energy costs, achieving GHG production, and improving health, safety and air quality, the differences between the pilots are significant, including the pilots' size (number of households to be treated), goals (full electrification of all end uses versus select

⁹⁹⁷ TURN Rebuttal Testimony, Alice Napoleon, 2.

⁹⁹⁸ TURN Opening Brief, 66.

⁹⁹⁹ EEC and TELACU et al. Reply Brief, 6.

measures), and investment per home. SCE also views these other pilots as complementary to the BE pilot, rather than duplicative.¹⁰⁰⁰

8.5.3. Discussion

8.5.3.1. BE Pilot: Approved with Modifications

We approve SCE's BE pilot at a budget not to exceed \$40.8 million¹⁰⁰¹ and goals with the option to revisit the pilot through the mid-cycle process. We agree with SCE that this pilot is unique from the other electrification efforts, including the San Joaquin Valley electrification pilots and believe that it can bring measurable benefits to ESA customers. Although this pilot may have similar objectives in providing affordable, clean energy options, the outcomes and benefits to be expected can be significantly different. We will require that the fuel substitution/electrification measures in this BE pilot must pass the latest Commission Fuel Substitution Test.¹⁰⁰² Throughout the pilot operation, we direct SCE to use the measure update process described in Section 6.5.8.11. SCE shall report on the pilot's progress through the monthly and annual reports, including progress towards the goals and objectives, including customer bill and energy savings results, customer targeting success, coordination with other programs, customer knowledge and awareness of electrification, and lessons learned and applied from the SJV pilots or other ratepayer funded efforts. In the first monthly report with launch of the pilot, SCE shall include the average annual bill savings

¹⁰⁰⁰ SCE Amended Rebuttal Testimony, 32-35.

¹⁰⁰¹ The originally proposed \$47.5M is reduced by 10 percent per the overall ESA budget reduction, and the 4 percent set aside for the Staff Proposal pilot.

¹⁰⁰² The Fuel Substitution Test Guidance on CET calculations may have limited application for the purposes of calculating ESACET scores. Consult with Energy Division for clarification if needed.

per household the pilot program will deliver. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

Lastly, we direct SCE to utilize Resolution E-5043 Appendix B ‘Split Incentives Agreement’ to require the owner to agree for five years to eviction limits and a fixed cap on annual rent increases at 3.6 percent to protect participating renters from significant rent increases or displacement post-treatment, for any home treated in this pilot. SCE must adjust the required signing parties to their BE Pilot ‘Split Incentives Agreement’ to include the property owner, tenant, and either their implementer or the utility.

8.6. SCE Clean Energy Homes Pilot

SCE proposes to offer a Clean Energy Homes pilot to provide incentives for low income housing developers to incorporate electrification into the designs of new construction by providing incentives and education to affordable housing developers.¹⁰⁰³ SCE has identified the low income new construction process as a key market leverage point.¹⁰⁰⁴ The pilot is designed to reduce energy bills for tenants in new buildings, reduce capital costs for affordable housing developers, reduce GHG emissions associated with burning fossil fuels in buildings, and reduce the complexity of participating in customer programs.¹⁰⁰⁵ The Clean Energy Homes pilot aims to assist developers in overcoming barriers to building all-electric, affordable homes. SCE proposes a six year budget of \$12.2 million to implement the budget, but may update the budget in the future as the pilot program is refined and costs reduced.¹⁰⁰⁶ SCE states that the pilot will enable

¹⁰⁰³ SCE Application, 8.

¹⁰⁰⁴ SCE Prepared Testimony, II 118.

¹⁰⁰⁵ *Id* at II 118-119.

¹⁰⁰⁶ *Id* at II 122-123.

cleaner, higher-quality building assets and be equitably supplied to the most vulnerable customers.¹⁰⁰⁷ SCE intends to give affordable housing developers the full range of low-carbon technologies and building practices so they can choose the most cost effective options.¹⁰⁰⁸ The pilot offers three elements: technical design assistance to affordable housing developers early in the development stage, location-specific GHG-driven financial incentives early in the development process, and coordinated education and outreach throughout the development process.¹⁰⁰⁹

8.6.1. Party Positions

8.6.1.1. Joint Parties

Supports: The Joint Parties support SCE's proposal to provide electrification measures that were not previously offered through the ESA program to income qualified customers living in DACs.¹⁰¹⁰ They also support SCE's plans to add the newest electrification technology to Enhanced Package offering and the Clean Energy Homes pilot, which would provide incentives for low income housing developers to incorporate electrification into the designs of new construction.¹⁰¹¹

8.6.1.2. TELACU et al.

Opposes: TELACU et al. opposed this pilot stating that this is not an appropriate use of ESA funds.¹⁰¹²

¹⁰⁰⁷ *Ibid.*

¹⁰⁰⁸ SCE Prepared Testimony, II 119.

¹⁰⁰⁹ *Id* at II 120.

¹⁰¹⁰ NRDC, NCLC, and CHA Prehearing Conference Statement, 32.

¹⁰¹¹ *Ibid.*

¹⁰¹² TELACU et al. Testimony, 6.

8.6.2. Discussion

8.6.2.1. Clean Energy Homes Pilot: Approved with Modifications

We approve SCE's Clean Energy Homes pilot at a budget not to exceed \$10.5 million¹⁰¹³ with modifications in adherence to ESA's statutory purpose to provide energy efficiency services targeted to low income customers. We direct SCE to coordinate with the CEC's forthcoming Building Initiative for Low Emissions Development (BUILD) program to increase customer opportunities and avoid duplication.¹⁰¹⁴ The BUILD program will provide incentives to developers of new residential housing in territories served by SoCalGas, PG&E, SDG&E, and Southwest Gas, and is anticipated to launch in 2021. As SCE shares customers with these utilities, to avoid duplication, we direct SCE to implement the Clean Energy Homes pilot program in geographic areas not served by these utilities, including but not limited to Long Beach, Vernon, Catalina Island, and portions of Inyo and Mono counties, or for properties or buildings that do not meet the BUILD program's low income/DAC definition (generally based on AMI), or for other properties or buildings that do not meet the BUILD program's requirements. We further direct SCE, after coordination with the CEC, to file a Tier 1 advice letter by December 31, 2021, with an updated budget not to exceed \$10.5 million, and implementation details based on the geographic and eligibility limitations detailed above.

We also recommend that SCE work with the CEC to share best practices, and coordinate on incentives and offerings to avoid market participant confusion

¹⁰¹³ The originally proposed \$12.2M is reduced by 10 percent per the overall ESA budget reduction, and the 4 percent set aside for the Staff Proposal pilot.

¹⁰¹⁴ SCE Prepared Testimony, II 121.

or disinterest, as well as to avoid competition between budgets and funding. Per SCE's proposed pilot process evaluation and EM&V plan, we direct SCE to coordinate with the ESA/CARE Study Working Group to finalize the proposed study scope prior to filing the advice letter. In addition, we recommend that SCE incorporate lessons learned from the BUILD program, including the BUILD program's emphasis on customer bill savings, when such information becomes available.

8.7. SCE Telemarketing "Nurture" Pilot

SCE proposes a telemarketing pilot budgeted at \$127,308 for PYs 2021-2026, aimed at reaching out to customers who receive a FERA direct mail letter but elect not to enroll in the program.¹⁰¹⁵ This tactic is intended to "nurture" the customer by following up with them to find out what prevented them from originally enrolling in the program. SCE states that the goal of this post-direct mail effort will be to provide individualized education regarding the FERA program's discount, and to identify any potential issues or concerns that may be preventing the customer from enrolling.¹⁰¹⁶

8.7.1. Party Positions

No substantive party comments were received on this topic.

8.7.2. Discussion

8.7.2.1. SCE Telemarketing "Nurture" Pilot: Approved

We approve SCE's telemarketing pilot at \$127,308 for PYs 2021-2026. Given that FERA is less well known, as compared to ESA and CARE, this effort can provide a personal touch to increasing FERA enrollments by instituting follow-up calls to households. To assess the success of this pilot, we require SCE

¹⁰¹⁵ *Id* at III 45.

¹⁰¹⁶ *Id* at III 43.

to track in their FERA annual report the below statistics for this pilot. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

- Annual conversion rate: calculated as the number of households enrolled in FERA through these follow-up phone calls divided by the total number of FERA-eligible households contacted by the pilot.
- Annual “Do Not Call” response rate: calculated as the number of households that ask SCE not to call them or are upset by the follow-up call divided by the total number of FERA-eligible households contacted by the pilot.

8.8. Impact Evaluations

The IOUs propose two to four statewide impact evaluation studies, between PYs 2021-2026, with a total statewide budget of \$1,500,000, with each study having a not-to-exceed budget of \$500,000.¹⁰¹⁷ It is likely that two evaluations will occur, one for PYs 2022-2023 and another for the MFWB programs for PYs 2023-2024. This will allow evaluation of new program changes to potentially be completed in time to use results in planning the next application.¹⁰¹⁸ Due to the major program design and implementation changes proposed during PYs 2021-2026, the impact studies will be helpful to focus on effectiveness of new program designs and measures.¹⁰¹⁹ The IOUs propose that the exact scope and budget for each of the impact evaluations be finalized through the ESA/CARE Study Working Group.¹⁰²⁰

¹⁰¹⁷ PG&E Testimony, I-172.

¹⁰¹⁸ *Id* at I-172.

¹⁰¹⁹ *Id* at I-173.

¹⁰²⁰ *Ibid*.

8.8.1. Party Positions

No substantive party comments were received on this topic.

8.8.2. Discussion

8.8.2.1. Impact Evaluations: Approved

We approve the ESA impact evaluations at a statewide budget of \$1,500,000 utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15 percent) and defer the specific studies' scope to be evaluated to the ESA/CARE Study Working Group, as well as through the M&E Funding Studies approach described in Section 8.2. We require that the MFWB program be included in all relevant studies of the ESA program, including this impact evaluation.

8.9. Low Income Needs Assessment (LINA)

A LINA study is statutorily mandated to be completed every three years with the assistance of the LIOB, per Pub Util. Code Section 382(d).¹⁰²¹ Decision 19-06-022 required the IOUs to propose an estimated budget, timeline, and scope for the 2022 LINA as well as a budget for the 2025 LINA. In their applications, the IOUs proposed topics for the 2022 LINA, but did not include an estimated budget, timeline, or scope due to timing. Given the time required to properly scope and conduct the 2022 LINA, preparation and bidding commenced in early 2020, prior to the Commission being able to issue a decision on the IOUs' 2021-2026 low income applications. For this reason, the IOUs submitted an advice letter which was subsequently approved by Energy Division to initiate the 2022 LINA study.¹⁰²² Per the timeline approved in the disposition

¹⁰²¹ PG&E Testimony, I-174.

¹⁰²² Joint Advice Letter 4132-E, approved by Energy Division via standard disposition on January 22, 2020.

of the advice letter, the IOUs started scoping the 2022 LINA study at the beginning of 2020, obtained a consultant at the end of 2020 and started the study in January 2021.

For the next two LINA studies (2025 and 2028 LINA) that will begin during PYs 2021-2026, the IOUs requested statewide budgets not to exceed \$500,000 each, allocated evenly between the CARE and ESA programs.¹⁰²³

8.9.1. Party Positions

8.9.1.1. CforAT

CforAT is concerned that the LINA study will not include representation from all low income populations and that it will not assess the true needs of low income customers.¹⁰²⁴ CforAT emphasizes the importance of using these studies to inform the IOUs' CARE and ESA applications, and notes that the applications are extremely limited in the information they provide about the next study. Lastly, CforAT states that these studies should collect useful data for ongoing analysis of low income community needs.¹⁰²⁵

8.9.2. Discussion

8.9.2.1. 2025 and 2028 LINA Studies: Approved with Modifications

We approve the statewide budgets for the 2025 and 2028 LINA studies not to exceed \$500,000 each utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15 percent), allocated evenly between the CARE and ESA budgets. The 2025 LINA shall be scoped and solicited by the end of 2023, and the 2028 LINA shall be scoped and solicited by

¹⁰²³ PG&E Testimony, I-174.

¹⁰²⁴ See *e.g.*, CforAT Protest to SCE Application, 2.

¹⁰²⁵ CforAT Protest to SCE Application, 4.

the end of 2026. As with the 2022 LINA study, the 2028 LINA study will cross program cycles, and we approve the required authorized committed funding to be carried forward into the next program cycle.

The IOUs will follow the below schedule of activities for each study to ensure that LIOB and stakeholder feedback is received timely for consideration into the scoping phase of the request for proposals.

- Q1 2023 and 2026: LINA study is placed on LIOB LINA Subcommittee agenda to solicit initial input for the scope of work.
- Q1 2023 and 2026: Notice of first workshop to discuss potential work scope of the LINA with stakeholders.
- Q1 2023 and 2026: Energy Division and Joint Utilities Workshop to receive LIOB and stakeholder input on work scope.
- Q2 2023 and 2026: Draft work scope shared with LIOB members to receive feedback and comments.
- Q2 2023 and 2026: Second workshop noticed to present draft work scope of the LINA with stakeholders.
- Q3 2023 and 2026: Development of request for proposals, soliciting bids, selecting, hiring, and contracting with consultant.
- Q4 2023 and 2026: Consultant selected and contracting for study completed.

With regards to CforAT's concerns on adequate representation from all low income populations in the LINA studies, we looked back at the 2013 LINA study which reported that 46 percent of low income households in California speak only English, 38 percent speak Spanish as the primary language, and 9 percent speak another Asian language primarily.¹⁰²⁶ While previous LINA studies were conducted in both English and Spanish, interviews

¹⁰²⁶ 2013 LINA, 3-6.

conducted with CBOs for the 2016 LINA noted that Asian language speaking households will often hang up the phone if they hear English.¹⁰²⁷ Therefore, to facilitate participation with underrepresented community members, and ensure a more accurate representation of the low income population, we will require that the 2025 and 2028 LINA studies implement survey tools that are available in at least the top three non-English languages identified as the primary language spoken in California's low income households. The IOUs may refer to the latest LINA data as the source for the top three non-English languages, or another reliable source that has since updated these results. Given the linguistically diverse low income population, this will ensure that we are collecting and incorporating feedback from representative groups in the survey sampling. This requirement does not change the budget that has been approved for the LINAs, and we note that any budgetary increases above approved budgets in this decision will require a petition to modify unless it is being funded through the Evolving Study and Data Needs budget (*see* Section 8.13). We will also clarify that adequate survey representation includes geographic and housing sector sampling, including single family, multifamily building types, and mobile homes.

8.10. ESA Process Evaluations

The IOUs propose a process evaluation with a statewide budget of \$500,000 to review new and specific ESA program elements to be defined within the ESA/CARE Study Working Group. This evaluation will assess program progress once the program has operated for a minimum of 12 months and is

¹⁰²⁷ 2016 LINA, 123.

anticipated to begin in late 2023 or early 2024.¹⁰²⁸ The key objective of the study or studies is to ensure that the program activities are consistent and producing intended outputs and outcome and to propose processes to help the program better achieve its goals and objectives.¹⁰²⁹

8.10.1. Party Positions

No substantive party comments were received on this topic.

8.10.2. Discussion

8.10.2.1. ESA Process Evaluations: Approved

We approve the ESA process evaluations with a statewide budget not to exceed \$500,000 utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15 percent) and defer the scope and elements of the evaluation to the ESA/CARE Study Working Group, as well as through the M&E Funding Studies approach described in Section 8.2. The ESA process evaluations will evaluate all the programs within the ESA portfolio, including but not limited to the MFWB programs, and the customer-centered program design. Pilot Plus and Pilot Deep program evaluations shall come from the Pilot budget.

8.11. Categorical Eligible Program Update Study

The IOUs propose to conduct a statewide Categorical Eligibility study that would provide an updated list of categorically eligible programs for alignment with the CARE and ESA program enrollments. The total budget for this study, utilizing the traditional IOU funding split, would be \$150,000, with funding split evenly between ESA and CARE budgets.¹⁰³⁰ The study would begin in 2021 and

¹⁰²⁸ PG&E Testimony, I-176.

¹⁰²⁹ *Ibid.*

¹⁰³⁰ PG&E Testimony, I-177.

finish in 2022. The IOUs state that the current list of eligible programs has not been updated since 2013 and needs refreshing.¹⁰³¹ The study will review eligibility requirements of currently authorized programs and seek to add other programs with similar criteria.¹⁰³² It will also review the income verification process of these programs so they can be leveraged more effectively by the CARE PEV process.¹⁰³³

8.11.1. Party Positions

8.11.1.1. TURN

Supports with Caveats: TURN supports the Categorical Eligibility study, with two caveats. The first caveat is that the Commission require the IOUs to seek public input on the study plan. Specifically, TURN asks that the Commission require the utilities to share the draft study plan with Commission staff and other stakeholders, including the methodology and underlying assumptions, before the study begins. This includes requiring the utilities to hold at least two workshops, one during the research plan development phase and one when preliminary results are available.¹⁰³⁴ The second caveat is to expand the scope of the study to include consideration of whether any categorical programs would be good candidates for CARE automatic enrollment.¹⁰³⁵

¹⁰³¹ *Ibid.*

¹⁰³² *Ibid.*

¹⁰³³ *Ibid.*

¹⁰³⁴ TURN Prepared Testimony of Hayley Goodson, 11.

¹⁰³⁵ *Ibid.*, 12

8.11.2. IOU Response

8.11.2.1. PG&E

PG&E supports TURN's two modifications to the Categorical Eligibility Program study. PG&E also proposes that stakeholders have an opportunity to review the draft plan and methodology and provide written comments through Energy Division's Public Document area, and that the IOUs use public workshops to review draft study results and solicit stakeholder inputs.¹⁰³⁶

8.11.2.2. SCE

SCE supports TURN's first modification to include public input and confirms that stakeholders will have an opportunity to review the draft plan and methodology and provide written comments. SCE is silent regarding TURN's second proposed modification to the study scope to explore automatic enrollment.¹⁰³⁷

8.11.2.3. SDG&E

SDG&E agrees with TURN's first modification for public input. As for TURN's second modification to the study, SDG&E does not reject it outright, but rather describes concerns and barriers to the data sharing required for automatic enrollment. SDG&E describes how data sharing agreements have been historically difficult to execute do to a myriad of issues, such as system and database incompatibilities, compliance with customer privacy regulations, and cost allocation issues. Further, SDG&E says that it does not have enough information to assess the costs and benefits of such data sharing agreements.¹⁰³⁸

¹⁰³⁶ PG&E Rebuttal Testimony, I-36

¹⁰³⁷ SCE Rebuttal Testimony, 36.

¹⁰³⁸ SDG&E Rebuttal Testimony of Sara Nordin, SN-CARE-4.

8.11.3. Discussion

8.11.3.1. Categorical Eligibility Study: Approved with Modifications

We approve \$150,000 for a statewide Categorical Eligibility study utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15 percent) to be split evenly between the ESA and CARE budgets. The completed study should be submitted to Energy Division and distributed over relevant service lists no later than December 31, 2022.

We also approve TURN's recommendation that IOUs incorporate public input on the study and require the IOUs to implement the following stakeholder engagement process. The IOUs will seek input from stakeholders, including members of the LIOB, through the standard protocols for soliciting stakeholder input at different points in their evaluation process. This includes 2-3 formal public workshops or webinars. The initial workshop will occur after the consultant is hired but before the research plan is finalized. This will include the overarching methodology and assumptions that will be used in the study. The second workshop will occur after the preliminary results and a draft report are available. Additional workshops may be scheduled as needed. Stakeholders will be given the opportunity to provide written feedback via the Energy Division's Public Document Area online platform before, during and after each workshop. We agree with TURN that this stakeholder engagement process will help avoid the previous issues encountered during the 2013 categorical eligibility assessment.¹⁰³⁹

¹⁰³⁹ Party responses to Assigned Commissioner's Ruling Concerning Categorical Eligibility and Enrollment and Definition of Income, 2/25/14, issued in A.11-05-017 *et al.*

We also approve TURN's second request to include in the study scope consideration of whether any categorical programs would be good candidates for CARE automatic enrollment¹⁰⁴⁰ and further expand the scope to include considerations of whether any categorical programs would be good candidates for FERA automatic enrollment, as well as potential data sharing opportunities between the IOUs and state and federal agencies towards a pathway for automatic enrollment in CARE and FERA. The study should also explore the budgetary and data security barriers and solutions that would accompany this type of automatic enrollment service. We note that this list of topics to be addressed within the scope of this Categorical Eligibility study is not exhaustive, as the Commission gives the IOUs the latitude to expand the scope beyond these points to explore other topics as they deem relevant if the budget and timeframe of when the study will be completed is not impacted.

Lastly, we direct the IOUs to file a joint Tier 2 advice letter 60 days after the completion of this study, proposing an updated list of categorical programs for enrollment in the ESA, CARE and FERA programs. The advice letter must discuss how the findings of the recent Categorical Eligibility study informed the IOUs recommendations, the feedback received from stakeholders during the study and how it was taken into consideration, and budgetary impacts the proposed changes to the categorical eligibility categories would have on the ESA, CARE and FERA programs. Furthermore, the advice letter will need to outline

¹⁰⁴⁰ The definition of "automatic enrollment" will be further explored through the Categorical Eligibility study. While the goal of automatic enrollment via categorically eligible programs is to reduce the paperwork and burden customers' face when signing up for income qualified programs, the process of auto-enrollment into the CARE and FERA program will need to take into consideration customer consent, statute requirements and other regulations laid out by this and other Commission decisions regarding enrolling customers in utility programs.

the implementation plan for incorporating any changes in categorical eligibility into these programs, the communication plan to customers, partnering CBOs and other agencies supporting ME&O and program enrollment efforts, and programs impacted by these changes. We do not expect these requirements to significantly affect the budget that has been approved, but we note that any budgetary increases above approved budgets in this decision will require a petition to modify unless it is being funded through the Evolving Study and Data Needs budget (*see* Section 8.13).

8.12. Non-Energy Benefits Study (NEBs)

The 2019 NEBs study recommends investing in primary data collection to form California specific values for a selected set of NEBs.¹⁰⁴¹ The IOUs have historically relied on literature research to gather best available and most recent NEBs documentations and NEBs value data, but this approach has not yielded robust and reliable results.¹⁰⁴² The IOUs propose a NEBs study beginning in 2021 using outputs and recommendations from the 2020 APPRISE NEBs Follow-up Study¹⁰⁴³. The results will then feed into the NEBs model for benefit calculation, but the scope, timing, and specific budget for the study will be finalized through a separate Working Group.¹⁰⁴⁴ The preliminary statewide budget for this study is \$500,000,¹⁰⁴⁵ utilizing the traditional IOU funding split.

8.12.1. Party Positions

See Sections 6.7.6 and 6.8.6 for party comments to the NEBs update.

¹⁰⁴¹ PG&E Testimony, I-176.

¹⁰⁴² *Ibid.*

¹⁰⁴³ APPRISE, “California Energy Savings Assistance Program Non-Energy Benefits Final Report”, January 2021, at [Final CA ESA NEB Report 1-25-21 .pdf \(energydataweb.com\)](https://energydataweb.com/Final%20CA%20ESA%20NEB%20Report%201-25-21.pdf)

¹⁰⁴⁴ PG&E Testimony, I-176.

¹⁰⁴⁵ *Ibid.*

8.12.2. Discussion

8.12.2.1. NEBs Study: Approved

We approve \$500,000 for a NEBs study utilizing the traditional IOU funding split (PG&E 30 percent, SCE 30 percent, SoCalGas 25 percent, SDG&E 15 percent). The ESA Working Group will handle the next steps and initial scoping of the NEBs study and provide recommendations that will help facilitate the NEB study plan process during this program cycle. Although NEBs do fit into the larger cost-effectiveness topic assigned to the ESA Working Group, we will allow the ESA Working Group to delegate this study to the ESA/CARE Study Working Group if it chooses to do so. We direct that this study also consider inclusion of common area measure NEBs. This NEB study should be completed no later than June 30, 2025, with results being incorporated into the latest version of the NEBs model and all subsequent ESACET calculations by the IOUs.

8.13. IOU Evolving Study and Data Needs

The IOUs proposes an additional \$1.2M of study budget to be defined during PYs 2021-2026 to support various program data needs.¹⁰⁴⁶ Because the IOUs are proposing such significant changes, studies to evaluate program performance may not have been defined yet but may include program pilot evaluation and assessment as well as other miscellaneous data needs. The IOUs recommend using the ESA/CARE Study Working Group to provide oversight for approval of these studies, using ground rules similar to the energy efficiency EM&V process.¹⁰⁴⁷

¹⁰⁴⁶ SCE Prepared Testimony, II 87.

¹⁰⁴⁷ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 149-150.

8.13.1. Party Positions

No substantive party comments were received on this topic.

8.13.2. Discussion**8.13.2.1. IOU Evolving Study and Data Needs: Approved**

Given the shift in ESA program design towards a delivery model based on customer segments and need states, the implementation of a new program focused on the multifamily sector, and a pilot program based on deeper energy savings, we approve up to \$1.2 million to provide flexibility for future and ongoing study and data needs.

8.14. SoCalGas Customer Feedback Study

SoCalGas proposes conducting a study to seek customer feedback on the new tactics being employed, budgeted at \$35,000.¹⁰⁴⁸

8.14.1. Party Positions

No substantive party comments were received on this topic.

8.14.2. Discussion**8.14.2.1. SoCalGas Customer Feedback Study: Approved**

We approve \$35,000 for SoCalGas' customer feedback study and will require that the study findings related to customer segmentation data collection and coordination opportunities be used to inform future goal setting and program design. The final report shall also include a discussion of the outreach or focus group efforts that were performed to inform the design of the new tactics, and any information collected to reflect baseline of current day tactics, against which to compare customer's perspective/success of new tactics.

8.15. PEV "Outbound Call Pilot"

See Section 4.2.8.8.

¹⁰⁴⁸ SoCalGas Application, 26.

8.16. PCF On Bill Financing Pilot

PCF proposes an on-bill financing program pilot in each IOU service territory to enable comprehensive deployment of battery storage and distributed generation at all eligible ESA Program customer locations. PCF states that these pilot programs should convert to full programs as soon as reasonably possible, but in no case more than 24 months.¹⁰⁴⁹ PCF states that the scope of the ESA program should be expanded to encompass a pilot on-bill financing program in each utility service territory to enable comprehensive deployment of battery storage and distributed generation at all eligible ESA Program customer locations. The pilot programs should convert to full programs as soon as reasonably possible, but in no case more than 24 months. PCF states that a comprehensive on-bill financing pilot would permit the Commission to examine the efficacy of this financial instrument to enable saturation deployment of SGIP incentives among equity, medical baseline, and AFN customers in resiliency areas. Without expanding the financing choices to be considered in this proceeding, the Commission will prevent itself from optimizing the energy savings potential of the ESA program.¹⁰⁵⁰

8.16.1. Party Positions

8.16.1.1. SDG&E

Opposes: SDG&E opposes PCF's proposal as it neglects the fundamental premise that ESA delivers no-cost measures to low income customers and points out that there is already a separate proceeding for this issue –Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options in

¹⁰⁴⁹ PCF Testimony of Bill Powers, 12-13.

¹⁰⁵⁰ *Ibid.*

R.20-08-022 and recommends that PCF's on-bill financing requests be deliberated in that proceeding.¹⁰⁵¹

8.16.2. Discussion

8.16.2.1. PCF On Bill Financing Pilot: Denied

We deny PCF's proposal to incorporate on-bill financing into the full ESA program. The premise of PCF's proposal is to facilitate the installation of whole house solar and battery storage, however ESA customers should first have their immediate energy and HCS needs met at no-cost through the ESA program, before being referred to other programs that can address other needs. For low income households that have already received a full package of ESA measures and/or have gone through the Staff Proposal's Pilot Plus and Pilot Deep packages to reduce energy use by up to 50 percent, the use of on bill financing or on-bill repayment to facilitate whole house solar and battery storage may be appropriate. And at that time, these ESA customers can be referred to such programs per the directives and recommendations of Section 6.12.7.

9. Environmental and Social Justice

9.1. Background

On February 21, 2019, the Commission adopted the Environmental and Social Justice (ESJ) Action Plan¹⁰⁵² which serves to expand public inclusion in Commission decision-making and improve services to targeted communities in California, specifically communities of color and/ or low income communities. The ESJ Action Plan defines environmental and social justice as:

Environmental and social justice seeks to come to terms with, and remedy, a history of unfair treatment of communities,

¹⁰⁵¹ SDG&E Rebuttal Testimony, SN-ESA 15-16.

¹⁰⁵² CPUC Environmental and Social Justice Action Plan (February 21, 2019) Retrieval at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M263/K673/263673090.PDF>.

predominantly communities of people of color and/or low income residents. These communities have been subjected to disproportionate impacts from one or more environmental hazards, socioeconomic burdens, or both.

The overall goals identified by the ESJ action plans include:

- **Goal 1:** Consistently integrate equity and access considerations throughout CPUC proceedings and other efforts.
- **Goal 2:** Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health.
- **Goal 3:** Strive to improve access to high-quality water, communications, and transportation services for ESJ communities.
- **Goal 4:** Increase climate resiliency in ESJ communities.
- **Goal 5:** Enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in the CPUC's decision-making process and benefit from CPUC programs.
- **Goal 6:** Enhance enforcement to ensure safety and consumer protection for ESJ communities.
- **Goal 7:** Promote economic and workforce development opportunities in ESJ communities.
- **Goal 8:** Improve training and staff development related to ESJ issues within the CPUC's jurisdiction.
- **Goal 9:** Monitor the CPUC's ESJ efforts to evaluate how they are achieving their objectives.

ESJ communities are also identified as those where residents are predominantly communities of color or low income, underrepresented in the policy setting or decision-making process, subject to a disproportionate impact from one or more environmental hazards, and likely to experience disparate implementation of environmental regulations and socio-economic investments in their communities. On the ground, these targeted communities typically include

but are not limited to, DACs,¹⁰⁵³ all Tribal lands, and low income households and census tracts.¹⁰⁵⁴

9.2. Incorporating ESJ Goals and Efforts into CARE and ESA

As CARE and ESA program eligibility is set at or below 200 percent of FPG, most if not all, ESA and CARE participants are part of an ESJ community. Through this proceeding, we prioritize actions that improve local air quality, benefit public health, increase climate resiliency and provide economic benefits within the ESJ communities. This decision makes great strides in prioritizing ESJ issues and takes actions that advance equity and policies for ESJ communities. Below we outline the efforts directed in this decision that specifically address and further the goals of the Action Plan.

- Requiring that all working groups, (who are tasked with final design and delivery of the program), include representation specifically from community based organizations, consumer protection/advocates, and other special interest groups, which includes members or representatives from ESJ communities; Furthers Goals 1, 5.
- Requiring the IOUs to hold annual public meetings to discuss program progress with community members; Furthers Goal 5.
- Requiring the consideration of the development of a UAS that would provide low income customers various registration pathways into multiple affordable programs (including clean energy programs), easing the enrollment process and decreasing barriers to participation; Furthers Goals 1, 2, 5.
- Recommending IOU engagement and collaboration with CARB and GRID Alternatives on the Access Clean California tool, which would provide a single application connecting residents

¹⁰⁵³ Defined as the top 25 percent scoring areas from CalEnviroScreen.

¹⁰⁵⁴ Defined in the ESJ Action Plan as 80% or less of area or state median income.

with the state's clean energy and transportation equity programs; Furthers Goals 1, 2, 3, 5.

- Prioritizing the below customer segments for outreach, education, and treatment which are inclusive of ESJ community members; Furthers Goal 1.

By Financials	By Location	By Health Condition
CARE	DAC	Medical Baseline
Disconnected	Rural	Respiratory
Arrearages	Tribal	Disabled
High usage	PSPS Zone	
High energy burden	Wildfire Zone	
SEVI	Climate Zone	
Affordability Ratio	CARB communities	

- Approving advanced treatment offerings, and investment, for specific customer segments which are inclusive of ESJ community members; Furthers Goals 1, 2, 4.
- Requiring the IOUs to track ESA treatment levels and efforts within specific customer segments in their reporting to the Commission; Furthers Goals 1, 9.
- Approving funding agreements to those point persons in Tribal communities that assist with outreach for ESA, FERA and CARE; Furthers Goals 1, 5.
- Requiring the IOUs to extend and encourage participation of the CARE/FERA capitation program in Tribal communities; Furthers Goals 1, 5.
- Leveraging with LifeLine, CETF and water utilities, which include co-promotion and marketing efforts, co-funding of water measures, and data sharing and customer referrals with LifeLine and water utilities; Furthers Goal 3.
- Approving a Building Electrification pilot that will offer high-usage, income-qualified single-family households in DACs electrification measures at no cost; Furthers Goals 1, 2, 4.
- Approving a Clean Energy Homes pilot that will provide incentives for low income housing developers to incorporate

electrification into the designs of new construction, with a goal to reduce energy bills for the low income customer, reduce GHG emissions associated with burning fossil fuels, and ease participation in customer programs; Furthers Goals 1, 2, 4.

- Requiring the IOUs to ensure additional workforce development opportunities and hiring within local communities, specifically in DACs (via IOU partnerships with the California Workforce Development Board's Energy and Climate Jobs Initiative, community colleges, and organizations providing services in DACs); Furthers Goal 7.
- Requiring the IOUs to track ESA workforce, education, and training efforts in their annual reporting to the Commission; Furthers Goals 7, 9.

We are confident that the objectives and actions taken here are necessary and will advance the Commission towards the state's equity goals.

10. Miscellaneous Issues

10.1. ESA/CARE Study Working Group

The IOUs jointly propose the formation of an ESA/CARE Study Working Group to provide a transparent and robust study process.¹⁰⁵⁵ This working group will hold quarterly meetings, jointly review proposed study statements of work, and participate in project kick-offs to provide input on the scope, timeline, and budget of studies.¹⁰⁵⁶ The goal is to create more relevant and focused studies that include budgets that are commensurate with the specific objectives and methodology necessary to execute the work for each study.¹⁰⁵⁷ The ESA/CARE Study Working Group will be formed in order to provide a transparent and robust study process.¹⁰⁵⁸ The IOUs propose that the working group manage the

¹⁰⁵⁵ PG&E Testimony, I-171.

¹⁰⁵⁶ *Id* at I-176.

¹⁰⁵⁷ *Ibid.*

¹⁰⁵⁸ PG&E Testimony, AppC-2.

studies using a flexible studies roadmap approach to be updated on an annual basis, and manage specific studies through a five step development and reporting process. The working group will be composed of Energy Division staff, stakeholders, and IOUs using a consensus approach.¹⁰⁵⁹

10.1.1. Party Positions

No substantive party comments were received on this topic.

10.1.2. Discussion

10.1.2.1. ESA/CARE Study Working Group: Approved with Modifications

We find this working group approach reasonable and sound and approve the formation of the ESA/CARE Study Working Group to provide a collaborative, stakeholder-inclusive and consensus-based process towards managing the IOUs' non-statutory ESA and CARE studies during the program cycle. We also recommend that the ESA/CARE Study Working Group work closely with the ESA Working Group to coordinate and avoid duplication on certain topics Energy Division, in consultation with the IOUs, may assign an IOU.

To further ensure that the organization and size of this working group is manageable, effective, and representative of all interest groups, we modify the working group membership to comprise of the IOUs' representatives, Energy Division staff, and no more than two representatives from each segment of the following interest groups: contractors, CBOs, Cal Advocates, consumer protection/advocates, and other special interest groups (as applicable to the subject and agreed to by the previously indicated members). Representatives shall have expertise in the issues relating to the working group's purpose and

¹⁰⁵⁹ *Id* at AppC-3.

tasks and are expected to contribute significantly to the progress and resolution of the tasks; those that do not may be removed or replaced. We note that the working group representatives do not have to always be the same people as they can be interchanged based on the subject matter and level of expertise. However, we require the working group to adhere to the number of allowed representatives from each party/segment to ensure that the size of the group is manageable for the deliverables expected. Too large of a group may hinder such progress.

The roles of the ESA/CARE Study Working Group include, but are not limited to, the following:

- Assign a “lead IOU” for each study if not already assigned by this decision.¹⁰⁶⁰
- Develop and provide feedback on proposed scopes, budgets, timelines, and statements of work, and other study scoping documents before finalized for study execution.
- Participate in project kick-offs and attend project check-in meetings as needed.
- Provide feedback on project milestones and draft study results as requested by lead IOU in a timely manner.
- Ensure that IOU(s) present final drafts of non-statutory required studies or evaluations to the ESA Study Working Group for their review and input prior to their completion. All final evaluations and/or studies must be served to the relevant efficiency list serve by the IOU(s) within 14 days of their completion. Energy Division shall be consulted to determine the need for a webinar, or similar, to present and review studies and evaluations with the public. If confirmed, all public presentations shall be noticed by

¹⁰⁶⁰ The expectations of a “lead IOU” for an ESA/CARE study is to, among other duties, lead the development of scope, budgets and project timelines, facilitate contracting with any consultants needed to conduct the study, and act as the main point of contact for the study.

the IOU(s) at least 10 days in advance to the relevant efficiency list serve.

Energy Division may periodically update the scope of the ESA/CARE Study Working Group's role and keep the most updated ESA/CARE Study Working Group scope available at: <https://www.cpuc.ca.gov/iqap/>.

10.2. ESA Program Working Group

PG&E requests the authorization of the ESA Working Group (ESA WG) to update the Statewide ESA Policies and Procedure (P&P) manual, update the ESA Installation Standards (IS) Manual, monitor progress toward goals, discuss and recommend changes to goals, and discuss a process for mid-cycle measure adjustments, discuss other mid-cycle course corrections necessary, discuss and recommend program revisions required by new laws that become effective during PYs 2021-2026, and convene a public meeting every two years to discuss lessons learned and potential program adjustments.¹⁰⁶¹ The working group will also provide greater transparency of ESA technical issues, and potential efficiencies through greater standardization.¹⁰⁶² PG&E proposes that the ESA working group would be a consensus-based decision making, and would be managed by IOUs (via a rotating chairmanship annually or a hired consultant to manage and facilitate, and produce annual report of activity including decisions made and recommendations.). PG&E proposes that the IOUs would convene the working group, propose and define ESA WG rules and processes, establish ESA WG calendar, and prioritize tasks within six months of decision issuance.

10.2.1. Party Positions

No substantive party comments were received on this topic.

¹⁰⁶¹ PG&E Application, 15.

¹⁰⁶² PG&E Testimony, I-123.

10.2.2. Discussion

10.2.2.1. ESA Program Working Group: Approved with Modifications

We approve the formation of the ESA WG and add to this group's role work areas including but not limited to all mid cycle issues, energy education, multifamily, and the UAS work directed in this decision. Consistent with the formation of the ESA/CARE Study Working Group, membership shall comprise of the IOUs' representatives, Energy Division staff, and no more than two representatives from each segment of the following interest groups: contractors, CBOs, Cal Advocates, consumer protection/advocates, and other special interest groups (as applicable to the subject and agreed to by the previously indicated members). Representatives shall have expertise in the issues relating to the working group's purpose and tasks and are expected to contribute significantly to the progress and resolution of the tasks; those that do not may be removed or replaced. We note that the working group representatives do not have to always be the same people as they can be interchanged based on the subject matter and level of expertise. However, we require the working group to adhere to the number of allowed representatives from each party/segment to ensure that the size of the group is manageable for the deliverables expected. Too large of a group may hinder such progress. In convening the working group, the IOUs are encouraged to consider the California Energy Efficiency Coordinating Committee (CAEECC) rules and processes, where applicable. The ESA WG will begin meeting at least once a quarter, starting no later than the beginning of 2022.

Therefore, the ESA WG's role initially includes the following:

- Discuss and recommend revisions to the P&P Manual, and IS Manual, including the recommendation to require "healthy

building materials,” to be submitted for notification through the monthly reports.

- Discuss and recommend revisions to measures, including new, modified, or removed, to be submitted for notification through the monthly reports, as discussed earlier in Section 6.5.8 and in the following Section 10.3.6. The ESA WG process will allow the IOUs, as the program administrators, in collaboration with stakeholders, to propose and discuss measures that are appropriate for the customer to reduce energy use or hardship, generally fit within the cost-effective guidelines, and are appropriate to be funded by ESA ratepayers or can be cost-shared with other programs per the process described in the referral, leveraging, and coordination Section 6.12.7.
- Discuss additional customer segments and need states to be incorporated into monthly reporting, as discussed in Sections 6.6.7 and 6.16.
- Discuss oversight of the Multifamily Central Portal per Section 7.9.
- Discuss progress towards program goals, and recommend changes to program goals, and design and delivery as part of the mid-cycle update process.
- Discuss ESA cost effectiveness test considerations and execution of the NEB study, as detailed in Section 6.10.8. and 8.12.2. The NEB study may be delegated to the ESA/CARE Study Working Group at the ESA Working Group’s discretion.
- Discuss and review the IOUs’ Energy Education approaches and provide input as to how these approaches can adapt as needed during the program cycle, as detailed in Section 6.11.8.3.
- Discuss the development of a UAS, for customers to access a single statewide application for CARE / FERA / ESA and propose options for system implementation as discussed in Section 6.2.3.5

We note that Energy Division may periodically update the scope of the Working Group’s role and keep the most updated ESA WG scope available at:

<https://www.cpuc.ca.gov/iqap/>. Further, we recommend that the ESA WG keep the following guiding principles in mind:

- The purpose of the WG is to support the ESA portfolio of programs to provide energy savings and hardship reduction to low income households in line with IOU program goals.
- In line with the tasks above, ensure that the ESA program coordinates with, and does not duplicate, other programs that provide services to low income households.
- Provide meaningful and useful input to the IOU administrators of ESA.
- Improve collaboration and communication among parties and with the Commission on ESA matters.
- Resolve disagreements among stakeholders whenever possible to reduce the number of matters that need to be litigated before the Commission.

10.3. Mid Cycle Issues, Advice Letters, Monthly/Annual Reports

10.3.1. PG&E Proposal

Use of Advice Letters and Reports: PG&E requests flexibility to make program adjustments during the 2021-2026 program cycle via advice letters and regulatory reports,¹⁰⁶³ allowing for a process to address revisions as they become necessary during the program delivery.¹⁰⁶⁴ PG&E further argues that the 2021-2026 program cycle will be the longest ESA program cycle to date, and believes that flexibility to make adjustments mid-cycle will be critical to program success.¹⁰⁶⁵ Specifically, being able to retire struggling measures and add new

¹⁰⁶³ PG&E Application, 11.

¹⁰⁶⁴ *Ibid.*

¹⁰⁶⁵ PG&E Testimony, I-124.

ones that may have more energy savings will likely allow the program to benefit more customers.¹⁰⁶⁶

10.3.2. SCE Proposal

Use of Advice Letters: SCE recommends that the Commission adopt an advice letter process for the IOUs to introduce and retire measures to ensure that the latest technologies and associated benefits are made available to customers throughout the entire program cycle.¹⁰⁶⁷ Specifically, SCE suggests either a Tier 1 or Tier 2 advice letter depending on the cost-effectiveness of the measures.¹⁰⁶⁸ SCE also recommends that the advice letter process be used as a simplified and flexible means to make programmatic changes.¹⁰⁶⁹ SCE suggests that Tier 1 advice letters be used to add or delete measures when it has a cost-effectiveness of 0.5 or above if it does not result an additional budget request.¹⁰⁷⁰ Tier 2 letters can be used to add or remove measures if it is below 0.5 cost-effectiveness or requires fund shifting.¹⁰⁷¹

Mid Cycle Working Group: SCE proposes to continue the mid-cycle working groups to remove programmatic barriers and to modify or create new policy designed to improve the program based on learnings. Because the next cycle will last for six years, SCE proposes a program review every two years to address approved programmatic changes or new policy directives. SCE proposes the additional layer of mid-cycle working groups and reviews because

¹⁰⁶⁶ *Ibid.*

¹⁰⁶⁷ SCE Prepared Testimony, II 88.

¹⁰⁶⁸ *Ibid.*

¹⁰⁶⁹ SCE Prepared Testimony, II 105.

¹⁰⁷⁰ *Ibid.*

¹⁰⁷¹ *Ibid.*

this will provide an additional level of assurance that the new program initiatives are working properly and can be adjusted, if necessary, including in response to any legislation that is passed during the program cycle.

10.3.3. SoCalGas Proposal

Use of Advice Letters and Reports: SoCalGas requests that the Commission increase the frequency by which IOUs can update the ESA Program P&P and IS Manuals via a Tier 1 AL process on an annual basis throughout the program cycle, stating that the significant modifications to the ESA program will require flexibility in updating modifying the P&P and IS Manuals more frequently.¹⁰⁷²

SoCalGas also requests flexibility to add or remove measures from the current measure mix through the IOU monthly reports, stating that given the length of the program cycle, flexibility should be granted to make program changes whenever needed.¹⁰⁷³

10.3.4. SDG&E Proposal

Use of Advice Letters: SDG&E proposes to continue using the advice letter process as approved in D.17-12-009, rather than the petition for modification process for additional budget requests, program modifications, or policy modifications.¹⁰⁷⁴ Continuing the current process will allow flexibility to act on necessary program changes for the ESA program over the program cycle. The petition for modification process can be lengthier and less flexible.¹⁰⁷⁵ On the

¹⁰⁷² SoCalGas Testimony of Daniel Rendler, 8.

¹⁰⁷³ *Id* at 8-9.

¹⁰⁷⁴ SDG&E Application, 12.

¹⁰⁷⁵ *Id* at 13.

other hand, the advice letter process served stakeholders well in the 2017-2020 program cycle.¹⁰⁷⁶

Mid Cycle Working Group: SDG&E supports use of a working group to conduct a mid-cycle review of the program designs and identify best practices, update the Statewide ESA Policy and Procedures Manual, update the ESA Installation Standards Manual, address technical concerns as well as provide a forum for stakeholders.¹⁰⁷⁷

10.3.5. Party Positions

10.3.5.1. EEC

Opposes Use of Advice Letter: EEC states that SCE's recommendation to use the advice letter process for program revisions such as adding and removing measures, policy changes, etc. is undeveloped and the Commission should require a process that is inclusive of all stakeholders and one that can be made part of the official record of this proceeding.¹⁰⁷⁸

Mid Cycle Working Group: EEC states that SCE's recommendation to use the mid-cycle working group for program revisions is undeveloped and the Commission should require a process that is inclusive of all stakeholders and one that can be made part of the official record of this proceeding.¹⁰⁷⁹

¹⁰⁷⁶ SDG&E Application, 13.

¹⁰⁷⁷ SDG&E Opening Brief, 44-45.

¹⁰⁷⁸ EEC Protest to SCE Application, 6.

¹⁰⁷⁹ *Ibid.*

10.3.5.2. TURN

Mid Cycle Working Group: TURN states that the Commission should anticipate the need for significant mid-cycle program modifications and provide a procedural vehicle for stakeholder participation in this process.¹⁰⁸⁰

10.3.5.3. Cal Advocates

Mid Cycle Working Group: Cal Advocates states that a mid-cycle working group should be established to identify NEB measurement improvements, review the effectiveness of the multifamily programs, and identify best practices.¹⁰⁸¹

10.3.6. Discussion

10.3.6.1. Use of Advice Letters and Reports: Approved with Modifications

We agree with the IOUs' proposals to simplify the process to make program and measure adjustments and go further by approving the use of monthly reports, in lieu of advice letters, for program manual and measure revisions. We direct the IOUs to follow a process of first, discussing the revisions through the ESA Working Group, to receive stakeholder feedback per the suggestion of EEC, and second, submitting for notification through monthly reports. This process is efficient and will result in less regulatory burden. In addition, per EEC's request, the IOUs' notification of these changes through the monthly reports will be available for the public's reference through the service list, Commission docket, and LIOB website. We reiterate that program revisions cannot not result in any changes to program goals, spending beyond the approved budgets, or adverse impacts to cost-effectiveness results per the

¹⁰⁸⁰ TURN Opening Brief, 60.

¹⁰⁸¹ Cal Advocates Opening Brief, 15.

guidelines. We reiterate that any changes to lowering the goals, budgets exceeding what has been authorized, or directives related to program design outlined in this decision will require petition for modification.

10.3.6.2. Mid Cycle Working Group: Denied

We deny the formation of a separate mid-cycle working group, because this decision already forms the ESA WG which will take on the consideration of all mid cycle issues as discussed in Section 10.2.

**10.3.6.3. Mid Cycle Assessment and Progress Report:
New**

With new program designs, creation of deeper treatment tiers, and various pilots and studies approved in this decision, continuous monitoring of the program's progress is needed to measure the impacts of these new changes especially given that this will be a 6 year cycle, when it is typically 3 years. As mentioned in Section 10.2.2, the ESA WG is tasked to review the program data collected including the goal tracking and metrics reported by IOUs on ESA program implementation from PYs 2021-2026, preliminary results of pilots and studies (including the electrification pilots), the 2023 P&G study, as well as impact evaluations and other public reports such as the 2022 LINA. The ESA WG should also consider the direction of state policy regarding the role of building electrification in meeting GHG reduction goals and whether ESA program expenditures are consistent with that policy. The ESA WG will use the collected data to discuss the progress of the ESA program under the new design, and whether the ESA program budget and goals set for the remainder of the program cycle are reasonable or need to be updated as part of the mid-cycle update process.

By December 31, 2023, the IOUs shall submit a joint mid-cycle progress report, in consultation with the ESA working group, to the Commission and this

proceeding's service list. At a minimum, the progress report shall discuss 1) whether the energy savings goals set in this decision are aligned with the P&G study results, why or why not, 2) whether the IOUs are on track to meet the goals and targets set in this decision, why or why not, 3) whether any of the goals or targets set in this decision need to be updated in light of the data and new information collected during the first half of the program cycle (including any updates in the state's policies for building decarbonization), why or why not, 4) best practices under the new designs, 5) status of the Pilot Plus and Pilot Deep program, and the SCE Electrification pilots, and 6) state of the ESA program's cost effectiveness level under the new guidance thresholds. The IOUs will also identify any updates to the delivery of the program, including goals, targets, or budgets considering the data collected and progress experienced so far. Any updates being suggested by the IOUs in the report must be reviewed by the ESA WG, supported by the data collected, and clearly justified. If such updates require lowering the program goals (not targets), or increasing the approved budgets, then the IOUs will need to file a petition for modification. Otherwise, all other proposed updates can be filed via a Tier 2 advice letter.

10.4. Audits

10.4.1. PG&E Proposal

PG&E does not propose any audits to occur in the 2021-2026 program cycle but will continue to review its processes for improvement.¹⁰⁸²

10.4.2. SCE Proposal

SCE does not propose any specific audits but will comply with and timely cooperate with all Commission audits.¹⁰⁸³

¹⁰⁸² PG&E Testimony, I-210.

¹⁰⁸³ SCE Prepared Testimony, II 91.

10.4.3. SoCalGas Proposal

SoCalGas does not make any specific proposals on audits but does note that any audit that occurs will be managed through its ESA Program Administrative funds.

10.4.4. SDG&E Proposal

SDG&E does not propose any audits for the upcoming cycle but was expected to have completed an internal audit in 2020.¹⁰⁸⁴

10.4.5. Party Positions

No substantive party comments were received on this topic.

10.4.6. Discussion

We direct the IOUs to comply with all Commission-ordered audits of the ESA/CARE/FERA programs. In addition, we direct the IOUs to continue to comply with the most recent audit conducted by the State Controller's Office for PYs 2013-15, including but not limited to, findings related to proper documentation of contractor and customer information, proper documentation of expenses, and classification of cost by categories.

10.5. Fund Shifting and Unspent Funds**10.5.1. Background**

Existing fund shifting rules allow the IOUs to shift ESA and CARE program funds from one year to the next within the program cycle, borrow from an approved future budget, carry over unspent funds, shift funds between program categories, and shift funds between electric and gas budgets, all within certain parameters. The IOUs are also required to report all fund shifting activities in the low income annual reports and quarterly reports to the LIOB, as

¹⁰⁸⁴ SDG&E Testimony, SN-ESA 151.

well as submit an advice letter filing for certain types of fund shifts or those that exceed a certain level (25 percent of total budget).

10.5.2. PG&E Proposal

Fund Shifting: PG&E requests that the Commission approve modifications to ESA fund shifting rules to allow shifting between categories via the monthly/annul reports to align with the CARE fund shifting rules detailed in D.06-12-038, stating that this change will allow for greater program flexibility.¹⁰⁸⁵ Modifying the fund shifting rules would accommodate many of the adjustments that will be necessary to run the new ESA programs successfully and to make any program changes that may be required over the course of the program cycle.¹⁰⁸⁶ Current fund shifting rules are unclear and can contribute to administrative delays.¹⁰⁸⁷ Greater flexibility for management and oversight budget needs will increase program efficiencies and allow more customers to participate in the program.¹⁰⁸⁸

Unspent Funds: PG&E has allocated PYs 2009-2016 unspent funds to cover new ESA 2017-2020 activities and proposes that any unspent budget remaining at the end of 2020 be used to off-set bridge funding collections. If there is no bridge funding period required, or if any 2017-2020 funds remain after the bridge period, PG&E proposes to use these funds to offset PYs 2021-2026 collections.¹⁰⁸⁹

¹⁰⁸⁵ PG&E Application, 12.

¹⁰⁸⁶ PG&E Testimony, I-124.

¹⁰⁸⁷ *Id* at I-130.

¹⁰⁸⁸ *Ibid.*

¹⁰⁸⁹ PG&E Testimony, I-59-60.

10.5.3. SCE Proposal

Fund Shifting: SCE proposes simplified fund shifting rules for single family program incentive categories.¹⁰⁹⁰ SCE recommends the Commission allow fund shifting between categories in the single family program through a Tier 2 advice letter process,¹⁰⁹¹ to allow flexibility to adjust measures incrementally between the Tier 1 and Tier 2 measures if unexpected issues arise. SCE states that this will allow it to adapt to changes without having to file a petition for modification or wait for a midcycle review.¹⁰⁹²

Unspent Funds: SCE proposes that during PYs 2021-2026, any uncommitted funds that remain unspent at the end of the year be used to offset the next year expenditures in the program cycle.¹⁰⁹³

10.5.4. SoCalGas Proposal

Fund Shifting: SoCalGas requests that the current ESA program fund shifting rules be replaced with the fund shifting process as implemented in the mainstream energy efficiency proceeding, by eliminating the advice letter requirements for fund shifting. SoCalGas proposes to track and report its ESA program fund shifting activities via the monthly and annual budgetary reports.¹⁰⁹⁴

¹⁰⁹⁰ SCE Prepared Testimony, II 87.

¹⁰⁹¹ *Id* at II 88.

¹⁰⁹² *Ibid.*

¹⁰⁹³ SCE Prepared Testimony, II 18.

¹⁰⁹⁴ SoCalGas Testimony of Daniel Rendler, 9-10.

Unspent Funds: SoCalGas states that it would be simpler and more effective for the Commission to newly authorize all needed budgets going forward.¹⁰⁹⁵

10.5.5. SDG&E Proposal

Fund Shifting: SDG&E requests clarification and modification of the fund shifting rules to allow for more flexibility in program management.¹⁰⁹⁶ SDG&E requests that fund shifting rules be modified to align with those of the CARE program and to report ESA program fund shifts in the monthly and annual reports rather than through an advice letter.¹⁰⁹⁷ SDG&E states that it will track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in its monthly and annual reports relevant to the period in which they took place.¹⁰⁹⁸ SDG&E argues that this will provide flexibility to shift funds between categories and change program delivery as necessary over the course of the program cycle.¹⁰⁹⁹

SDG&E also proposes establishing fund shifting rules for the FERA program that mirror the CARE fund shifting rules.¹¹⁰⁰

Unspent Funds: SDG&E seeks clarification on the uncommitted unspent funds cap for the amount to carry-over to the following program year. In D.17-12-009, the Commission established a 25 percent cap for unspent funds that can be carried-over from program year to program year and within a given cycle.

¹⁰⁹⁵ SoCalGas Application, 12.

¹⁰⁹⁶ SDG&E Application, 11.

¹⁰⁹⁷ *Ibid.*

¹⁰⁹⁸ SDG&E Testimony, AK 12-14.

¹⁰⁹⁹ SDG&E Application, 11.

¹¹⁰⁰ SDG&E Application Testimony of Sara Nordin, SN-FERA 17.

In addition, an IOU must file an advice letter first if it wishes to carry over an amount exceeding 15 percent. In the next sentence, the decision states that “[i]f the large IOU does not receive such approval, any unspent funds in excess of the 25 percent limit may not be carried over for programmatic use...” SDG&E seeks Commission clarification of whether it intended to establish a 15 percent or 25 percent cap. SDG&E requests that the Commission determine the 25 percent cap was intended for uncommitted carry-over unspent funds and that this rule be applicable to the 2021-2026 program cycle. Maintaining the 25 percent cap limit for uncommitted carry-over unspent funds minimizes uncertainty with the new program design and allows greater flexibility to use those funds to provide more measures and services to customers if needed.¹¹⁰¹ For unspent, uncommitted funds at the end of the 2020 program cycle, SDG&E proposes to continue to use it to offset future revenue collections.¹¹⁰²

10.5.6. Party Positions

10.5.6.1. PCF

Unspent Funds: PCF recommends that unused ESA funds should be shifted to programs like SOMAH, DAC Single-Family Affordable Single Homes, and similar programs and would be consistent with ESA’s statutory scheme as being both cost-effective and hardship reducing if the funds are earmarked for the purpose of installing whole house solar plus battery storage systems utilizing on-bill financing funded by private equity. PCF also states that because on-bill financing involves on-bill rate reductions, even unspent CARE funding may be

¹¹⁰¹ SDG&E Application, 12.

¹¹⁰² SDG&E Testimony, SN-ESA 48.

shifted to these programs for the purpose of installing solar plus battery storage systems utilizing on-bill financing.¹¹⁰³

10.5.6.2. EEC

Unspent Funds: EEC states that any requests to return to ratepayers or to defer previously unused ESA funds should be rejected and any funds that were not used to help low income families through the ESA program should be available to be returned to the program as they are needed.¹¹⁰⁴

10.5.7. IOU Responses

10.5.7.1. SDG&E

Unspent Funds: SDG&E objects to PCF's recommendation to shift unspent and uncommitted funds to other programs that are "cost effective and hardship reducing such as SOMAH, DAC Single-Family Affordable Single Homes, and similar programs" because funding has already been established for those programs in their respective proceedings, and contrary to PCF's testimony, some of these programs are not required to be cost effective, nor are they required to be analyzed for cost effectiveness. Therefore, SDG&E recommends the continuation of the existing policy which allows unspent ESA program funds to provide ESA services to its eligible low income programs and to use unspent uncommitted funds to off-set future revenue collections which reduces upward rate pressure.¹¹⁰⁵

¹¹⁰³ PCF Testimony of Bill Powers, 13-14.

¹¹⁰⁴ EEC Testimony of Allan Rago, 18-19.

¹¹⁰⁵ SDG&E Rebuttal Testimony, AK-13-14.

10.5.8. Discussion**10.5.8.1. Unspent Funds: Approved with Modifications**

We direct the IOUs to apply in full any unspent and uncommitted funds from prior approved budgets, as soon as possible (with the next occurring electric and gas true-up advice letters) to offset revenue collection for spending authorized in this decision. This modification to the current policy will require the IOUs to use all prior accrued unspent and uncommitted funds to offset the next program year's collections, as opposed to waiting until the end of a cycle. This change will avoid the accumulating unspent funds from cycle to cycle, provide better oversight of each program year's spending, allow annual budgets to be balanced quickly and accurately, and avoid any unnecessary ratepayer overcollections. Accordingly, we deny PCF's proposal to allocate unused ESA funds to other programs.

10.5.8.2. Fund Shifting: Approved with Modifications

We approve PG&E, SoCalGas, and SDG&E's request to simplify and align fund shifting rules for the programs. Given the new directives on the use of unspent funds in Section 10.5.8.1, we modify the overall ESA, CARE, and FERA fund shifting rules below. These rules supersede the fund shifting rules previously established for the ESA and CARE programs. These new rules are meant to be simple and less burdensome, allow for program flexibility within the program year, and reflect the true costs of the programs from year to year. The following fund shifting rules will apply to the ESA, CARE and FERA programs, where relevant.

- Fund shifting of any amount between budget categories and between electric and gas budgets is allowed within the program year, with reporting of any shifts in the annual reports (no need for monthly reporting, and no need for advice letters unless otherwise noted below).

- This applies to the CARE and FERA administrative budgets (not subsidy budgets), and the total ESA program budget (including administrative budgets).
- Any fund shifting shall comply with the existing cap on ESA administrative costs (currently set at no more than 10 percent of total program costs, or the IOU's historical five-year average spend on administrative costs as a percentage of total program costs, whichever is greater), and any other caps established in this decision (minor home repairs, etc.) or future decisions, unless otherwise noted.
- Fund shifting in and out of the MFWB programs, and pilots (including the Staff Proposal Pilot Plus and Pilot Deep program), are to be requested via a Tier 2 advice letter.
- Fund shifting is not allowed between program years; any remaining uncommitted and unspent funds at the end of a program year must be used to offset the next year's collection as discussed in Section 10.5.8.1.
 - An exception to this rule is granted for the MFWB programs, pilots (including the Pilot Plus and Pilot Deep program), and studies (where funds may be rolled over to the next program year or borrowed from a future program year within the cycle, to allow for flexibility in scheduling changes with these efforts).
- Fund shifting activities shall be reported to the LIOB via quarterly LIOB reports.

10.6. Gas/Electric Splits

PG&E proposes to assign 53 percent of the ESA program expenses to electric customers and 47 percent to gas customers.¹¹⁰⁶ This split is based on the impacts of program expenses to electric and gas customers.¹¹⁰⁷ For CARE, PG&E proposes to continue the currently adopted method for allocating expenses

¹¹⁰⁶ PG&E Application, 10.

¹¹⁰⁷ PG&E Testimony, I-216.

between gas and electric customers.¹¹⁰⁸ This split is currently done in proportion to the discounts received by CARE customers. PG&E proposes to assign 80 percent of the CARE program expenses to electric customers and 20 percent to gas customers for PYs 2021-2026.¹¹⁰⁹

10.6.1. Party Positions

No substantive party comments were received on this topic.

10.6.2. Discussion

10.6.2.1. Gas/Electric Splits: Approved

We approve PG&E's request to assign 53 percent of the ESA program expenses to electric customers and 47 percent to gas customers and approve PG&E's current method for allocating CARE expenses between gas and electric customers, which assign 80 percent of the CARE program expenses to electric customers and 20 percent to gas customers.

10.7. Low Income Oversight Board

Two Year IOU LIOB Rotations: The IOUs request to change the rotating term for the IOU LIOB position from one year to two years.¹¹¹⁰ The IOUs' assigned seat currently rotates among the four IOUs annually. The IOUs have determined that a one-year term is not long enough to be effective in this position, and a 2-year rotating position would allow the representative to contribute more effectively to provide perspective and insight on issues facing low income customers.¹¹¹¹ This reasoning is reflected generally in all the IOU applications.

¹¹⁰⁸ *Ibid.*

¹¹⁰⁹ PG&E Testimony, I-216.

¹¹¹⁰ *Id* at I-137.

¹¹¹¹ *Id* at I-138.

10.7.1. Party Positions

No substantive party comments were received on this topic.

10.7.2. Discussion**10.7.2.1. Two Year IOU LIOB Rotations: Approved**

We approve to extend the new IOU LIOB board member term from one year to two years, as this will provide more stability among the board members and allow the IOUs representatives more time to learn and opportunity to participate more thoughtfully. We also delegate to Energy Division staff the ability to incorporate this, and other LIOB related changes, to the LIOB charter via a resolution for Commission approval.

10.8. Meetings & Reporting**10.8.1. Background**

Currently the IOUs are required to hold an Annual Report Public Meeting no later than 60 days after their ESA/CARE Annual Report is published.¹¹¹² These public meetings were initially mandated by D.06-12-038 with the main purpose of allowing public access to the IOUs and a public forum to facilitate program improvements. The IOUs are also required to submit monthly and annual reports to the Commission regarding the progress of the CARE and ESA programs by no later than the 21st of the following month and May 1 of the following year respectively. These monthly and annual reports provide data on the programs including, but not limited to, status of program goals, program expenditures including unspent funds, and all marketing, outreach, education, and enrollment efforts. These monthly and annual reports do not currently include the FERA program, as FERA is only reported annually and submitted to the low income proceeding service list and published to the Commission docket.

¹¹¹² D.12-08-044, OP 5.

10.8.2. PG&E Proposal

Replacing Annual Meeting with Biennial Meeting: PG&E proposes to replace the Annual Report Public Meeting with a public meeting convened by the ESA Working Group at a minimum of every two years to discuss lessons learned and potential program adjustments.¹¹¹³ PG&E argues that the annual report meetings have seen less active participation and discussion over the years, and so should be replaced with a combination of biennial public working group meetings and other focused meetings to discuss studies and other specific topics as needed.¹¹¹⁴

Combining FERA reporting with CARE-ESA Annual Reporting: PG&E also proposes to include the FERA annual report with the CARE and ESA annual reports filed in May. This proposal is aligned with an existing directive to report on FERA progress at the end of each year until 2023.¹¹¹⁵ By combining these reports, PG&E will create administrative efficiencies.¹¹¹⁶ PG&E proposes to begin this combined annual report beginning May of 2024 for the 2023 annual report.

Allow Fund Shifting via Monthly/Annual Reports: See Section 10.5.2.

10.8.3. SCE Proposal

SCE does not propose any changes to the reporting structure.

10.8.4. SoCalGas Proposal

Allow Fund Shifting via Monthly/Annual Reports: See Section 10.5.4; otherwise, SoCalGas does not propose any changes to the reporting structure.

¹¹¹³ PG&E Testimony, I-125.

¹¹¹⁴ *Ibid.*

¹¹¹⁵ PG&E Testimony, II-65.

¹¹¹⁶ *Ibid.*

10.8.5. SDG&E Proposal

Allow Fund Shifting via Monthly/Annual Reports: See 10.5.5.; otherwise, SDG&E does not propose any changes to the reporting structure.

Replacing Annual Meeting with Biennial Meeting: SDG&E support convening a public meeting every two years to replace the annual report public meeting.¹¹¹⁷

10.8.6. Party Positions

10.8.6.1. TURN

TURN recommends the additional reporting requirements to better assess performance, inform program improvements, and support state policies.¹¹¹⁸

- Annual savings per eligible low income customer by housing type.
- Lifetime savings per eligible low income customer by housing type.
- Lifecycle bill reductions per participating household by housing type.
- Percentage of ESA customers who enroll in other ratepayer-funded clean energy programs that reduce hardship at the household level by decreasing energy consumption, decreasing energy bills, or increasing access to reliable energy in the event of power shutoffs.
- Percentage of customers treated by ESA who request payment assistance in the 12-month period following treatment, as compared to the percentage of the same customers who requested payment assistance in the 12 months prior to treatment.
- Percentage of customers treated by ESA with an active payment plan in the 12-month period following treatment, as compared to

¹¹¹⁷ SDG&E Opening Brief, 41.

¹¹¹⁸ TURN Testimony of Alice Napoleon, 22-23.

the percentage of the same customers with an active payment plan in the 12 months prior to treatment.

- Percentage of customers treated by ESA who are in arrears in the 12-month period following treatment, as compared to the percentage of the same customers who were in arrears in the 12 months prior to treatment.
- Percentage of customers treated by ESA who are sent a disconnection notice in the 12-month period following treatment, as compared to the percentage of the same customers who are sent a disconnection notice in the 12 months prior to treatment.
- Percentage of customers treated by ESA who are disconnected for nonpayment in the 12-month period following treatment, as compared to the percentage of the same customers who are disconnected for nonpayment in the 12 months prior to treatment.
- Carbon reduction from the ESA program.

10.8.7. Discussion

10.8.7.1. Replacing Annual Meetings with Biennial Meetings: Denied

While we agree with PG&E that the annual ESA/CARE meetings have seen less active participation and discussion over the years, moving these meetings to a biennial basis would create missed opportunities for discussing program improvements. Therefore, we deny the request to modify the frequency of the public meetings and will still require the IOUs to hold an annual meeting sixty days after their annual report is filed. However, we note that the agenda for these meetings do not need to be solely focused only on summarizing the annual reports of the ESA/CARE/FERA program results. Rather, these meetings can be combined with an existing working group meeting or be used as an additional working group opportunity as described by PG&E to discuss program improvements, studies and other specific topics as needed. As part of the notification for this annual meeting, the IOUs shall ask stakeholders to

submit any topics that would like to discuss on the agenda to better engage the program stakeholders. The IOUs must also increase their public notification efforts by posting a notice of this meeting on their CARE/ESA websites and to related Commission proceeding service lists, in particular those overseeing partner programs like SOMAH, SGIP, etc., and the main energy efficiency portfolio proceeding.

**10.8.7.2. Combining FERA Reporting with CARE-ESA
Annual Reporting: Approved with Modifications**

We approve the proposal to combine the FERA annual report with the ESA and CARE annual reports to reduce regulatory burden and reporting. However, PG&E proposes to begin this combined annual report, beginning May of 2024 for the 2023 annual report. The Commission believes that this combined reporting can begin with the 2022 annual report, and every subsequent annual report for this program cycle, which is submitted on May 1 of each year. Additionally, we require the IOUs to file monthly FERA reports, which shall also be combined with the ESA and CARE monthly reports. The reporting template approved by Energy Division will include the specifics of this reporting criteria. This applies to all three electric IOUs offering FERA programs.

10.8.7.3. Interactive Dashboard: New

Currently, the IOUs report monthly and annual activity to Energy Division and other stakeholders through static PDFs and excel spreadsheets. It is time consuming for Energy Division and other stakeholders to conduct analysis comparing one month or year to another period, data comparison across IOUs, or to do any historical analysis beyond a single period. This proceeding provides an opportunity to make reporting more streamlined and efficient for all parties. Therefore, we require the IOUs to incorporate the low income program reporting into a single online data management and visualization dashboard that would

allow for IOU-specific annual historical ESA, CARE and FERA data to be referenced. This online data management system would be updated on an annual basis (after the ESA, CARE and FERA annual reports are published in May) and allow users to access at least 10 years of historical ESA, CARE and FERA data. Therefore, we require the IOUs to file a joint Tier 2 advice letter by no later than 120 days after the approval of this decision detailing its respective plan for this online data management and visualization dashboard. The Tier 2 advice letter will contain the following information:

- Suggested software for hosting the dashboard and options for where the dashboard could be hosted.
- Suggested ESA data to be stored on the data management systems, specifically focusing on ESA budgets, expenditures, households treated and energy savings by technology groups currently represented in the ESA Annual Report Excel tables ESA-Tables 1, 1a, 2 and 4.
- Suggested CARE and FERA data to be stored on the data management systems, specifically focusing on CARE and FERA budgets, expenditures, eligible populations and enrolled household counts, enrollment, recertification, attrition, penetration, PEV, and any other data relevant to monitoring CARE and FERA program operations.
- Discussion of the potential for expansion of data, beyond items noted above, in the future, and how suggested software and hosting location could accommodate expansion without a full rebuild.
- Discussion on whether this online data management system would function simply as a repository of summarized data prepared by the IOUs (i.e., an online format for the current reports), or whether detailed program tracking data on the ESA, CARE and FERA program would be uploaded into this system and subsequent data summaries would occur by manipulating

granular program data as is currently done with the CEDARS environment used by the main energy efficiency portfolios.¹¹¹⁹

- Sample template for aggregating annual and historical ESA, CARE and FERA data to be represented.
- Sample layout of what the visualization dashboard could look like when completed.
- Timeline for execution and budget needed for completing the online data management and visualization dashboard (using existing reporting budgets funds).

The online data management and visualization dashboard should be operational with at least 10 years of historical ESA, CARE and FERA data and receiving annual data no later than December 31, 2023 and will be updated every year 30 days after the ESA annual reports are submitted on May 1st. The IOUs shall continue to issue their monthly and annual ESA, CARE and FERA reports in PDF and spreadsheet format over the appropriate service lists during and after construction of the online data management and visualization dashboard. If IOUs or Energy Division determines that the online data management and visualization dashboard could replace the need for spreadsheet and PDF reports, the IOUs may file a Tier 2 advice letter requesting that the annual data reporting medium and process for the ESA, CARE and FERA program be updated to reflect this change.

10.8.7.4. Additional Reporting Requirements Proposed by TURN: Approved in Part

We approve TURN's request, in part, and direct the IOUs to report annual or first year savings by housing type, percent of treated customers with arrearages, and percent of treated customers who have been disconnected. We

¹¹¹⁹ CPUC California Energy Data and Reporting System (CEDARS) at <https://cedars.sound-data.com/>.

deny TURN's other requests for other reporting, including lifetime savings and lifecycle bill savings by customer by housing type (see metrics in Sections 6.7 and 6.8 for similar reporting requirements), percent of ESA customers enrolled in other clean energy programs, percent of customers in financial distress in the previous 12 months customer, and carbon reduction. We note that we require various additional reporting requirements as discussed throughout sections of this decision that are sufficient in addressing many of TURN and other parties' concerns. The reporting template approved by Energy Division will include all the specifics of the new reporting.

10.9. Annual CARE Eligibility Report Filing Date

10.9.1. Background

The Annual CARE Eligibility Report is an annual estimation of the CARE eligible household for the state and by IOU service territory. This report in turn is used to calculate CARE penetration in relation to the established 90 percent CARE penetration goal. Currently, this annual report is required to be submitted jointly by the IOUs on December 31 of each year.¹¹²⁰ The IOU consultant (Athens Research) that researches and writes the report relies on updates to the FPG updated by the federal Department of Health and Human Services (DHHS).

10.9.2. IOU Proposals

Extending the Annual CARE Eligibility Report Filing Date: PG&E and SDG&E propose to permanently revise the filing date of annual estimates of CARE eligible customers from December 31 to February 12 annually.¹¹²¹ The report relies on guidelines provided by the DHHS which are updated near the

¹¹²⁰ In D.12-08-044, the Commission granted the Joint Utilities' request to file the annual CARE eligibility estimates on December 31 of each year.

¹¹²¹ PG&E Testimony, II-16, SDG&E Application, 19.

end of January, after the current filing date for CARE estimates.¹¹²² The IOUs are therefore unable to incorporate these guidelines into their CARE estimates until February of the following year, which usually requires requesting an extension. The IOUs state that the deadline for CARE estimates has been extended for the past 5 years, with no adverse impact,¹¹²³ and therefore changing the filing date will allow the IOUs to incorporate DHHS guidelines without continually requesting extensions. The new date will also allow the IOUs to incorporate additional sources of United States census data released at the end of the year, into the annual CARE eligibility estimates each year.

10.9.3. Party Positions

No party comments were received on this topic.

10.9.4. Discussion

10.9.4.1. Extending the Annual CARE Eligibility Report Filing Date: Approved

We approve PG&E and SDG&E's request to permanently move the timing of the Annual CARE Eligibility Report to February 12 of each year for the current year as it will reduce the regulatory burden of yearly request for extensions due to the timing of the DHHS data. This change is reasonable given that there have not been any adverse impacts to date resulting from the past years' extensions. Additionally, the yearly filing shall include FERA eligibility by IOU service territory and county as well, using the same table formats as the CARE data.

¹¹²² SDG&E Application Testimony of Alex Kim, AK-15.

¹¹²³ PG&E Testimony, II-17.

10.10. Water- Energy Nexus**10.10.1. PG&E Proposal**

PG&E proposes to continue its leveraging partnerships with identified water wholesalers and retailers as detailed in its Advice Letter 3990-G-A/5329-E-A and approved by Energy Division on January 4, 2019.¹¹²⁴ These efforts included a water-energy forum webinar, which described previous PG&E collaboration efforts with two water agencies and solicited interest from other agencies on multiple water conservation services and measures.

10.10.2. SoCalGas Proposal

SoCalGas proposes to continue its leveraging partnerships with identified water agencies to co-fund high efficiency clothes washers and in some instances, co-fund low-flow shower heads, faucet aerators, thermostatic shower valves and tub spouts. Water agency partnerships that are expected to continue into the new program cycle include Anaheim Public Utilities, California American Water, Eastern Municipal Water District, Elsinore Valley Municipal Water District, Fontana Water Company, Irvine Ranch Water District, Liberty Utilities, Metropolitan Water District, Moulton Niguel Water District, San Gabriel Valley Water, and Western Municipal Water District.¹¹²⁵

10.10.3. SDG&E Proposal

SDG&E proposes to continue its leveraging partnership with the San Diego County Water Authority and will look to expand efforts should

¹¹²⁴ PG&E Testimony, I-102-103.

¹¹²⁵ SoCalGas Testimony of Mark Aguirre and Erin Brooks, 115-116.

additional water savings measures and funding from San Diego County Water Authority become available.¹¹²⁶

10.10.4. Party Positions

10.10.4.1. TURN

TURN believes that basic information about low income water programs (particularly Commission-jurisdictional programs) should be integrated into the low income ME&O materials used by the energy utilities.¹¹²⁷

10.10.5. Discussion

10.10.5.1. Water-Energy Partnerships: Approved

We approved the IOU plans and leveraging activities with water agencies in their respective service territories. We direct the IOUs to continue these relationships, particularly if new water-related measures and technologies can be added to the ESA program given the new measure flexibility rules adopted in this decision. We agree with TURN and direct the IOUs to conduct no-cost / low-cost campaigns to include information about low income water programs in their existing ME&O efforts.

10.11. Telco- Energy Nexus

10.11.1. PG&E Proposal

PG&E is open to promoting low income and affordable broadband programs as long as no funding for CARE/FERA and ESA programs is reallocated for this purpose. PG&E states that it can reference LifeLine in its marketing, education, and outreach materials for CARE/FERA but must balance against 1) using previously authorized funds consistent with statute and Commission directives), and 2) diluting the PG&E's message regarding its own

¹¹²⁶ SDG&E Testimony, SN-ESA-81.

¹¹²⁷ TURN Comments to June 25, 2020 ALJ Ruling, 39.

income-qualified programs. To reduce the risk of diluting CARE or FERA acquisition marketing with numerous additional offers, PG&E uses an integrated approach that makes use of supporting resource pages and collateral to communicate the availability of complementary income-qualified programs such as the LifeLine program. PG&E uses tactics such as: newsletters, email, printed collateral, brochures, press releases, bill inserts, media placement, and outreach through community-based organizations to communicate customer support and financial assistance offerings. In addition, PG&E's web sites, including pge.com, safetyactioncenter.pge.com, and pgecurrents.com have numerous web pages and content designed to provide information and access to PG&E's income-qualified programs and other external resources for financial assistance.¹¹²⁸

10.11.2. SCE Proposal

SCE currently references the LifeLine program on SCE's website, including web and contact information of the LifeLine program. As part of SCE's efforts to market to eligible low income customers as a result of COVID-19, SCE included LifeLine program information in a direct mail inserts and email solicitations in May 2020 targeting more than 535,000 eligible CARE customers. SCE is open to explore other opportunities to leverage other ME&O opportunities to encourage enrollment in this and other low income programs.¹¹²⁹

10.11.3. SoCalGas Proposal

SoCalGas features the LifeLine program on the SoCalGas CARE website and has incorporated LifeLine messaging into its CARE promotional emails. The information is presented alongside other assistance programs so customers can see the multiple offerings they may qualify for. Lastly, LifeLine information is

¹¹²⁸ PG&E Comments to June 25, 2020 ALJ Ruling, 51.

¹¹²⁹ SCE Comments to June 25, 2020 ALJ Ruling, 32.

included on CARE applications, available in 13 different languages, and on its CARE brochures. Since 2019, SoCalGas has implemented biannual data sharing with LifeLine to identify and enroll eligible customers in programs promoted by LifeLine and will continue to look for ways to cross-promote and reference the LifeLine program as appropriate.¹¹³⁰

10.11.4. SDG&E Proposal

SDG&E currently includes no-incremental-cost messaging about the LifeLine program on its website and other informational materials when possible and appropriate. SDG&E's position is that electric and gas ratepayers should not be burdened with funding efforts outside of those specific to electric and gas issues. Furthermore, SDG&E is subject to evaluation on the effectiveness of the marketing and outreach that it conducts for the CARE and FERA programs and inclusion of other secondary offers may reduce the effectiveness of the primary offer. In many cases the ESA program is often included as the secondary offer and inclusion of third or even fourth "offers" will result in mixed messages and competing calls-to-action that dilute the message and overall effectiveness.¹¹³¹

10.11.5. Party Positions

10.11.5.1. CETF

CETF states that including information about broadband services in the IOUs' ME&O efforts is beneficial because this will help reach the large low income population currently unaware of affordable broadband offers,¹¹³² will help with the decreasing existing digital inequalities, and is in the financial

¹¹³⁰ SoCalGas Comments to June 25, 2020 ALJ Ruling, 41.

¹¹³¹ SDG&E Comments to June 25, 2020 ALJ Ruling, 49.

¹¹³² CETF's Annual Survey shows that 73% California residents are not aware of the affordable Internet offers because Internet providers do not aggressively market such offers in ways they can easily find them.

interest of IOUs to get all its customers online to save operational costs such mailing costs related to billing, achieve state energy efficiency and environmental protection goals, and to promote equity of access to its programs for disadvantaged communities that are not online.¹¹³³ CETF recommends the following:

- Require the IOUs to inform all their CARE/ESA/FERA customers and other eligible low income consumers about reduced-cost affordable broadband offers in their ME&O efforts and provide referrals to CETF-designated CBOs (where CETF will fund Digital Inclusion CBOs work).
- Require the IOUs to add links to CETF-provided and Commission approved websites on their low income websites where a user may put in their address and zip code and find affordable broadband offers available in the user's area.
- Establish a single landing page for all low income programs (energy, telecom, broadband, and water) on its Commission website.
- Require the IOUs to send letters to customers enrolled in low income programs (which can be combined with scheduled CARE/FERA/ESA mailings to make it no-cost or low-cost to the IOUs) mirroring the CETF-SMUD pilot.¹¹³⁴

CETF states that all these initiatives are supported by the Governor's Executive Order and AB1665 goals and is in line with actions contemplated by the ESJ Action Plan.¹¹³⁵

10.11.5.2. CforAT

CforAT states that while it would be useful to coordinate the LifeLine and CARE programs, there are several substantial hurdles in the way including:

¹¹³³ CETF Testimony, 4-5.

¹¹³⁴ CETF Testimony, 16.

¹¹³⁵ *Id* at 6-10.

1) the fact that the programs do not have the same eligibility requirements, and
2) the variety of LifeLine providers that would need to be incorporated into any UAS, including the fact that many LifeLine-eligible customers have a choice of providers.¹¹³⁶ CforAT recommends that an alternative for coordinating with LifeLine may be for the IOUs to provide data on CARE-enrolled customers to the Third Party Administrator that verifies LifeLine eligibility, in a similar manner to the data-sharing that takes place with the water utilities. Due to the differences in eligibility and the existence of multiple providers, these customers could not be automatically enrolled in LifeLine, but the CARE list would be a well-targeted pool for subsequent outreach efforts to identify and enroll eligible customers in LifeLine. A centralized entity could coordinate this targeted outreach along with the data exchange. If the data-sharing goes both ways, the data on LifeLine customers may also provide information to the IOUs about CARE-eligible customers who could be targeted.¹¹³⁷ CforAT supports including information about LifeLine in all marketing collateral material, including on the energy utility websites that provide information about low income programs. This could also include information about existing affordable or low income broadband options.¹¹³⁸

10.11.5.3. TURN

TURN supports the inclusion of basic information about LifeLine in the utilities' low income program ME&O materials and states that LifeLine should be listed in brochures and utility webpages. Information about existing affordable or low income broadband options could be included. The energy

¹¹³⁶ CforAT Comments to June 25, 2020 ALJ Ruling Seeking, 14-15.

¹¹³⁷ *Id* at 15-16.

¹¹³⁸ *Id* at 19.

utilities could provide links to a Commission-maintained webpage or program specific website with information as an alternative to including more content on their own websites.¹¹³⁹ TURN opposes the suggestion of CETF that the energy utilities be ordered to refer their low income customers to CETF-designated CBOs as CETF has not identified the CBOs that it would designate, making it difficult to evaluate the breadth and depth of this list. TURN also states that there ESA contractors and CBOs that work in concert with the IOU to support low income communities that may have the interest and capacity to assist with this work. TURN states that if the Commission concludes that energy utilities should direct their low income customers to a CBO for assistance with accessing affordable broadband services, TURN recommends that the Commission solicit interest from a broad array of CBOs, including but not limited to those already providing ratepayer-funded services to utility consumers through the CARE, ESA, TEAM, and CHANGES programs.¹¹⁴⁰

10.11.5.4. Joint Parties

The Joint Parties support the consideration of using ESA dollars to fund a one-time cost that accompanies initiation of broadband service for ESA customers to expand the chance that the customer would participate in the program. However, the assessment of the appropriateness of such payments should be based on the same review as other measures being considered for inclusion in the program, including cost-effectiveness, ability to provide energy savings, and ability to provide other non-energy benefits.¹¹⁴¹

¹¹³⁹ TURN Comments to June 25, 2020 ALJ Ruling Seeking, 38-29.

¹¹⁴⁰ Rebuttal Testimony of Hayley Goodson, 5-8.

¹¹⁴¹ Joint Parties Comments to June 25, 2020 ALJ Ruling, 19-20.

10.11.5.5. EEC, TELACU et al.

EEC and TELACU et al. provide the following suggestions to CETF's proposal:¹¹⁴² 1) CETF and other communications entities should be required to provide information and referrals to ESA and CARE in their marketing materials, 2) CETF should use the pre-existing network of ESA outreach specialists to inform and enroll low income families in affordable broadband programs, 3) the Commission should authorize ESA contractors to provide the affordable broadband enrollment services directly to CETF or its equivalent during their ESA outreach, regardless of any restrictions in the current ESA contracts, 4) CETF or its equivalent should hire existing ESA contractors to perform outreach broadband services similar to those of the CETF CBOs, 5) the Commission should allow private ESA contractors to seek the California Advanced Services Fund (CASF) grants, 6) the Commission should allow ESA outreach staff to enroll customers into the LifeLine program, 7) CETF should reimburse the IOUs for the costs of having their ESA contractors provide such services, or ESA contractors should be allowed to contract directly with CETF.

10.11.6. IOU Responses**10.11.6.1. PG&E**

PG&E argues that CETF's suggestions are beyond the scope of this proceeding because they are inconsistent with Pub. Util. Code Sections 739.1 and 2790, which set priorities for use of funds collected to implement CARE and ESA programs.¹¹⁴³

¹¹⁴² EEC et. al. Rebuttal Testimony, 23-25.

¹¹⁴³ PG&E Reply to Protests, 4.

10.11.6.2. SCE

SCE argues that the programs are not designed to inform customers about affordable internet options, and it would be inappropriate for ratepayer funds to be used to this end.¹¹⁴⁴

10.11.6.3. SoCalGas

SoCalGas argues that CETF's suggestions are beyond the scope of this proceeding and would be an inappropriate use of ratepayer.¹¹⁴⁵ Lastly, SoCalGas states that the IOUs have entered jointly into discussions with CETF to promote affordable broadband messaging in communications to low income customers which should remove further affordable broadband discussions from this proceeding with any ongoing discussions to take place within the recently issued Order Instituting Rulemaking (OIR) Regarding Broadband Infrastructure Deployment and to Support Service Providers in the State of California.¹¹⁴⁶

10.11.6.4. SDG&E

SDG&E is open to collaborating with CETF regarding *no-cost* ME&O efforts to inform low income electric and gas customers about affordable broadband offers but opposes efforts that use electric and gas ratepayer funding. SDG&E also argues that using gas utility ratepayer dollars for a program unrelated to natural gas related Public Purpose Programs is not authorized

¹¹⁴⁴ SCE Reply to Protests, 2.

¹¹⁴⁵ SoCalGas Reply, 3-4.

¹¹⁴⁶ SoCalGas Rebuttal Testimony of Octavio Verduzco, 5-6.

under Assembly Bill (AB) 1002,¹¹⁴⁷ the Public Utility Code, or Commission decisions.¹¹⁴⁸

10.11.7. Discussion

10.11.7.1. Coordination with LifeLine and Other Broadband Services: Approved per Joint Stipulation

As discussed in Sections 4.3.8.2 of this decision, we direct the IOUs to coordinate cross-promotion of the LifeLine and affordable broadband programs with current ESA/CARE/FERA marketing efforts. See Section 4.3.8.2 and Attachment 6 for full details of the Joint Stipulation and funding arrangements.

10.12. Tribal Outreach Efforts

10.12.1. Background

Decision 16-11-022 directed the IOUs to conduct initial assessments of all Tribal communities for ESA program participation by the end of 2020, utilize Tribal consultations for coordinated deployment,¹¹⁴⁹ and pursue MOUs with Tribal groups that own or manage multi-family housing for low income Californians to leverage programs and encourage ESA participation.¹¹⁵⁰ D.17-12-009 further directed the IOUs to consider partnerships with local, state, federal, Tribal or non-profit agencies or programs to leverage water/energy nexus efforts to address the local needs of IOU low income energy customers,¹¹⁵¹ develop and implement an owner or authorized representative affidavit process

¹¹⁴⁷ AB 1002 implemented a Public Purpose Program Surcharge (PPPS) annually to fund certain natural gas related public purpose programs: energy efficiency, low-income assistance programs such as CARE and ESA and research and development (R&D).

¹¹⁴⁸ SDG&G Rebuttal Testimony, HT-ME&O 3-4.

¹¹⁴⁹ Decision 16-11-022, 430.

¹¹⁵⁰ *Id* at 421.

¹¹⁵¹ Decision 17-12-009, 149.

for buildings located in federally recognized Tribal reservations for whole building enrollment,¹¹⁵² and directed Tribal consultations to occur as part of the IOUs overall treatment goals.¹¹⁵³

On December 22, 2020, an ALJ ruling was issued seeking party comments to a LIOB recommendation regarding Tribal outreach and efforts. The specific LIOB recommendation was:

“We further recommend the Commission require IOUs to enhance Tribal outreach to include, but not be limited to the following measures:

1. The normal outreach process to all low income households.
2. An additional outreach process specific to Tribal nations, communities, and other entities, as defined by the Commission, that includes but is not limited to the following:
 - a. Initial Phase: This should consist of email, phone calls and letters through traditional mail and/or other tools to establish contact and develop a meaningful relationship if one does not exist.
 - b. Establish No Less Than Two Main Contacts: Following initial outreach and communication, IOUs should establish two contacts, as Tribes sometimes experience high turnover. These may be any persons employed or on the governing council for all Native American Tribes within the State of California (in their respective service areas). These individuals should be liaisons to their Tribal community for the ESA and CARE programs.

¹¹⁵² *Id* at 202.

¹¹⁵³ *Id* at 280.

- c. Tribal Outreach Mini-Grant: Provide participating Tribes a grant of no less than \$5,000 tied to two point persons at the Tribe maintaining regular communications with the IOUs and assisting in outreach for ESA and CARE. The LIOB suggests the grant program should have, but not be limited to the following benchmarks to help improve program outcomes:
 - a. Face to face or virtual meeting between IOU representative and Tribal points of contact
 - b. Tribal receipt of IOU Point of Contact (Name, title, email and phone) for all inquiries
 - c. Developed understanding of Program Information for ESA and CARE to ensure an ability to serve as a liaison to the community
 - d. Be informed on all other outreach activities from the IOUs and their contractors.
- d. Quarterly Updates: The IOUs provide quarterly updates to LIOB on these efforts as part of their regular reports.”

10.12.2. Party Comments

10.12.2.1. PG&E

In response to the ruling, PG&E states that 1) it has already met and been deemed compliant with the D.16-11-022 Tribal consultation requirements and therefore does not agree with setting a new timeline for Tribal consultation, 2) its Tribal outreach currently exceeds the normal outreach process to all low income households, 3) it already follows the LIOB recommendation regarding an additional outreach process specific to Tribal nations, communities and other entities, as defined by the Commission, consisting of: email, phone calls and

letters to establish contact and develop relationships; and establishment of no less than two main contacts, 4) more information and structure are needed before implementing Tribal Outreach Mini-Grants because of varying Tribal needs, and 5) since the IOUs already provide quarterly updates to LIOB on these efforts as part of their regular reports, the LIOB's recommendation seems duplicative.¹¹⁵⁴

10.12.2.2. SCE

SCE suggests that the Commission deny the LIOB recommendations because SCE's current and ongoing efforts already meet the intent of LIOB's proposal. Specifically, SCE states that 1) it has already met the compliance requirements of D.16-11-022 and D.17-12-009 and has offered the ESA program to all 13 federally recognized tribes in SCE service territory, 2) it is already conducting the outreach and communication strategies as proposed by the LIOB with a designated Tribal liaison that holds regular face-to-face and digital meetings with all Tribal communities in the SCE service territory, 3) its proposed 2021-2026 ESA and CARE program design focuses on enhanced Tribal outreach efforts that address the concerns raised by the LIOB, and 4) a "Mini-Grant" is not necessary because SCE already maintains continuous contact with Tribal communities within its service territory through an SCE liaison, the two point-person structure limits flexibility, and activities would be limited to those more closely tied to the proposed benchmarks. Instead of adopting the proposed mini-grant, SCE recommends the Commission continue to allow the IOUs the flexibility to customize outreach efforts with Tribal communities as long as those efforts lead to Tribal enrollments and installations.¹¹⁵⁵

¹¹⁵⁴ PG&E Comments to ALJ Ruling Soliciting Comments to LIOB Recommendations, 1-2.

¹¹⁵⁵ SCE Comments to ALJ Ruling Soliciting Comments to LIOB Recommendations, 2-5.

10.12.2.3. SoCalGas

SoCalGas responds by 1) providing an overview of existing and proposed outreach efforts, including general awareness, direct marketing, internal and external channel coordination, and community outreach, 2) stating that it works with multiple Tribal organizations (in addition to Tribes) to promote ESA, 3) supports the idea of establishing two contacts to serve as liaisons to their Tribal community, 4) supports awarding grants to conduct outreach in the Tribal community to help the company meet program goals, with the flexibility to negotiate and tailor the awards, and 5) stating that it already provides quarterly updates to the LIOB regarding Tribal community.¹¹⁵⁶

10.12.2.4. SDG&E

SDG&E states that 1) it has been, and will continue to be, engaged with Tribal communities to develop partnerships, educate, and address concerns, including continuing to have a dedicated Tribal liaison for all Tribal inquiries and to support tribes with information and programs, 2) it would not be appropriate to offer a grant upfront in exchange for information and a point of contact as support in this context could be perceived as “pay to play” and potentially discourage further discussions and partnerships from occurring, and instead recommends adding these Tribal governments as Energy Solutions Partners, and 3) it already provides quarterly updates to the LIOB regarding the Tribal community.¹¹⁵⁷ Lastly, SDG&E contests the statement that the IOUs have not complied or met the obligations of D.17-12-009, and recommends that Energy Division provide a standardized template for reporting.¹¹⁵⁸

¹¹⁵⁶ SoCalGas Comments to ALJ Ruling Soliciting Comments to LIOB Recommendations, 2- 5.

¹¹⁵⁷ SDG&E Comments to ALJ Ruling Soliciting Comments to LIOB Recommendations, 2-3.

¹¹⁵⁸ *Id* at 4.

10.12.2.5. Cal Advocates

Cal Advocates recommends that 1) the Commission use a definition of Tribal communities consistent with other Commission efforts, including its Tribal and the Tribal Technical Assistance Grant Program, 2) the two main contacts that are to be liaisons for each Tribal community be employed by, designated by, or on the governing council of the Tribe, and be provided access to the IOUs' administrative and outreach resources, 3) the IOUs assess ESA program eligibility in Tribes and update household treatment goals in their 2021-2026 applications, 4) the IOUs and ESA contractors work with Tribes to reduce travel expenses by ESA contractors and prevent installation delays, 5) the Commission set specific uses for the mini-grant funds and provide specific goals (*i.e.* grant funds should be used for labor costs, travel expenses and costs associated with communicating with residents and IOUs; efforts should include tribes assessing for ESA eligibility and identifying new ESA-eligible customers; outcomes should include increased participation in CARE and ESA), and 6) the Commission set a budget cap of \$820,000 assuming every tribe as defined by the Tribal Technical Assistance Grant Program participates in the Tribal Outreach Mini-Grant program, with the option for the IOUs to file a Tier 2 or 3 advice letter to request additional funds.¹¹⁵⁹

10.12.3. Discussion

10.12.3.1. Compliance with Decision 16-11-022 and Decision 17-12-009

We find that the IOUs are technically compliant with the consultation requirements of D.16-11-022, modified by D.17-12-009, given the fact that the

¹¹⁵⁹ Cal Advocates Comments to ALJ Ruling Soliciting Comments to LIOB Recommendations, 1-2-5.

term “consultation” does not apply to the IOUs, as described below. We do not rule on whether the IOUs were compliant with the intention of the consultant requirement, instead setting new requirements below based on comments received on the specific Tribal outreach ruling questions.

Additionally, we clarify that the term “consultation” should be used in reference to government-to-Tribal government contact. Therefore, the IOUs shall continue outreach to Tribes located in California and IOU service territory, with or without federal recognition (usually conferred by a federal action). While the IOUs are not required to meet the strict government-to-government definition of “consultation,” the IOUs shall still adhere to any consultation-like or outreach requirements of the IOUs as part of the Commission’s Tribal Consultation Policy. The IOUs shall also contact each tribe and/or conduct individual meetings with Tribes in their territory at least once every 6 months.

10.12.3.2. Additional Outreach: Initial Phase

All the IOUs state that they already conduct the initial phase outreach strategies which include email, phone calls and letters through traditional mail and have proposed to continue such efforts as well as new outreach efforts in PYs 2021-2026. We find these efforts sufficient in meeting the Tribal community needs and do not require additional efforts at this time.

10.12.3.3. Additional Outreach: No Less Than Two Main Contacts

All the IOUs state that they have existing, dedicated resources for the Tribal community, and that various partnerships with the individual tribes have also been formed. However, we believe that more can be done. Therefore, we recommend that each of the IOUs strive to maintain at least two Tribal contacts for each Tribe. Maintaining these contacts for each Tribe will provide benefits to both the Tribes and the IOUs in educating more members of the low income

programs. We also recommend that the IOUs consider a public facing system (perhaps related to the development of a UAS) where Tribal contact information is available to all Tribal members and the public statewide.

10.12.3.4. Additional Outreach: Mini-Grants

We approve the funding of mini-grants to those point persons at the Tribe maintaining regular communications with the IOUs and assisting in outreach for ESA and CARE. However, we decline to set these grant amounts at \$5,000 and will provide the IOUs flexibility in setting the specific grant amounts, based on the work to be performed. This would be similar to the MOU/community partner agreements that SoCalGas has with CBOs and FBOs, and the agreements that SDG&E has with their Energy Solutions Partner network. While we understand that a \$5,000 grant will be much more encouraging to Tribes than the current \$30 CARE capitation fee, we lack the record and data to determine the most appropriate and effective grant/reimbursement amount for this effort. Therefore, the IOUs are to determine the specific outreach (including the benchmarks described by the LIOB above) and appropriate funding level that should be provided which should align with what they have already proposed in their ME&O plans and budgets. These grants shall be funded through each IOUs' respective existing ME&O budgets approved in this decision. Lastly, the IOUs shall work with these communities to encourage participation in the CARE and FERA capitation program.

10.12.3.5. Consistent Definition for Tribal Communities

We adopt the definition for Tribal communities consistent with the Commission's Tribal Consultation Policy, where the terms "Tribes" and "Tribal governments" refer to elected officials and other representatives of federally-recognized Tribes and other California Native Americans.

10.12.3.6. Quarterly Updates and Reporting

The IOUs shall continue to report on its Tribal outreach efforts in the monthly and annual reports, and during the quarterly LIOB and subcommittee meetings. We also direct the IOUs to provide a section in the annual reports on their Tribal outreach activities, including a summary of their biannual Tribal meetings, and an up-to-date list of Tribal contacts. The reporting template approved by Energy Division will include the specifics of this reporting criteria.

11. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Ava Tran in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on May 17, 2021, and reply comments were filed on May 24, 2021 by the IOUs, MCE, Enervee, La Cooperativa et al., the Los Angeles Department of Water and Power, the Joint Parties, TURN, Cal Advocates, PCF, EEC and TELACU et al. In response to comments, we make various revisions and clarifications including:

- Extending the ESA program bridge funding for the remainder of PY 2021 to allow for a transition period.
- Extending dates for required advice letter filings, reporting, compliance filings, pilot and program implementation to allow for a transition period to the new programs.
- Modification to the rule exempting certain fixed income households from recertification to allow for verification after six years.
- Modification to the categorization of administrative cost categories to align with the mainstream energy efficiency program.
- Clarification on the role of the "lead IOU" in various efforts.

- Clarification on the membership of PRGs to include non-financially-interested parties.
- Adoption of tenant protections for the ESA Pilot Plus and Pilot Deep program, similar to the MFWB programs and the BE Pilot.
- Modification to the fund shifting rules to allow for flexibility in shifting funds for efforts that may spread across multiple program years.
- Corrections to various non-substantive typographical errors and omissions throughout the document.

12. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Ava Tran is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The FERA program is a low income energy rate assistance program established in 2004 to provide a discount on energy rates to lower to middle income households with incomes between 200 percent and 250 percent of the federal poverty guideline.

2. The CARE program is a low income energy rate assistance program established in 1989 to provide a discount on energy rates to low income households with incomes at or below 200 percent of the federal poverty guideline.

3. The ESA program was originally offered as an assistance program directly from a few IOUs in the 1980s, and then was adopted by the legislature in 1990 in order to achieve statewide energy savings while improving the quality of life for low income customers.

4. The ESA program is a no-cost energy efficiency program that provides home weatherization services and energy efficiency measures to help low income households conserve energy, reduce their energy costs/utility bills, and

improve the health, comfort, and safety of the home. The program also provides information and education to promote energy efficient practices in low-income communities.

5. On December 24, 2019, the assigned ALJ issued a ruling to consolidate the above captioned proceedings from which this consolidated proceeding follows as A.19-11-003 *et al.*

6. The income eligibility guidelines and the discount rate for the CARE program are set in statute.

7. The CARE program is funded by non-participating ratepayers as part of a statutory public purpose program surcharge.

8. Enrollment goals for the CARE program have been established in Commission decisions at 90 percent.

9. The Utilities can meet the 90 percent enrollment goals with the funding provided.

10. Applying certain CARE program rules (including self-certification, categorical eligibility, post enrollment verification, and the income documentation processes and requirements) decreases barriers to participation and/or protects the integrity of the program.

11. The CARE capitation program helps to increase the CARE program enrollment rate, educates customers on the CARE and FERA discounts, and assists customers in enrolling in the ESA program.

12. Targeted strategies and dedicating funding for the marketing, education and outreach of the CARE program have allowed the Utilities to meet the CARE program goals.

13. Coordinating and leveraging the CARE program with other programs and organizations targeting the same population helps to increase participation and decrease confusion and barriers.

14. Cooling Centers are facilities where people can go during the summer months to escape the heat and reduce their energy usage, and are open to the public, not just low income communities.

15. The CHANGES program provides outreach, education, and bill issue assistance on natural gas and electricity bills and services to limited English proficient consumers through a statewide network of CBOs, and generally targets the same population as the CARE program.

16. The Utilities' historical CARE administrative budgets account for less than 10 percent of the total CARE budgets.

17. The income eligibility guidelines and the discount rate for the FERA program are set in statute.

18. The FERA program is funded by both participating and non-participating ratepayers through either customer distribution rates or statutory public purpose program surcharges.

19. Enrollment goals for the FERA program have been established in Commission decisions, most recently D.18-08-013 and D.18-11-027, at 50 percent for PG&E and SCE respectively, by 2023 with the goal of eventually having the same enrollment rate as the CARE program.

20. The electric Utilities FERA enrollment rates as of 2019 ranged from 10 to 20 percent.

21. Applying certain FERA program rules to be consistent with the CARE program (including self-certification, categorical eligibility, post enrollment verification, and the income documentation processes and requirements)

increases Utility efficiencies, decreases barriers to participation and/or protects the integrity of the program.

22. A FERA capitation program, like the CARE capitation program, would help increase the FERA program enrollment rate, educate customers on the CARE and FERA discounts, and assist customers in enrolling in the ESA program.

23. Targeted FERA specific marketing and outreach efforts, and funding, had a significant impact on FERA enrollment rates in 2019.

24. Coordinating and leveraging the FERA program with other programs and organizations targeting the same population helps to increase participation and decrease confusion and barriers.

25. Consolidating the FERA program proceeding with the CARE and ESA proceeding will achieve administrative efficiencies.

26. The income eligibility guidelines for the ESA program are set in statute at 200 percent of federal poverty guidelines.

27. The ESA program is funded by both participating and non-participating ratepayers as part of a statutory public purpose program surcharge.

28. California Public Utility Code Section 382(e) requires that: “The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures.”

29. Public Utility Code Section 2790 states that the ESA program should “tak[e] into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low income households.”

30. The Utilities have essentially achieved the statutory goal of treating all willing and eligible households by 2020.

31. The Utilities' ESA program design and delivery models shift the program away from the goal of treating all eligible and willing households to a customer-centered prioritization model based on household needs and customer profile.

32. The Utilities' ESA program measures focus on deeper energy savings that will help achieve the program goals.

33. The Utilities propose targets/ goals for energy savings, household treatment levels, non-energy benefits, and cost effectiveness based on guidance provided in D.19-06-022 and on historical performance.

34. An ESA program design based on tiers, or levels of participation options, offering increasing levels of services dependent on income eligibility, need and specific vulnerable customer segments, better serves the customers.

35. Applying certain ESA program rules (including self-certification, categorical eligibility, audit, property owner approvals/ waivers, and the income documentation processes and requirements,) decrease barriers to participation and/or protects the integrity of the program.

36. Allowing for minor program changes (including updating measures, manuals, fund shifts) through the Utility monthly/ annual reports, or an advice letter as opposed to a petition for modification to the decision, would ease administrative burdens on all parties and Commission staff.

37. Targeted strategies and dedicating funding for the marketing, education and outreach of the ESA program have allowed the Utilities to meet the ESA program goals.

38. Coordinating and leveraging the ESA program with other programs and organizations targeting the same population helps to increase participation and decrease confusion and barriers.

39. Workforce, education, and training of the energy efficiency workforce contributes largely to the success of the ESA program and the mainstream energy efficiency programs.

40. Targeted workforce, education, and training efforts help to reach the ESA and the mainstream energy efficiency programs' goals, specifically those targeting local and disadvantaged communities.

41. The Energy Division's ESA program redesign proposal would shift the focus of the ESA program away from a program treating a certain number of households, to one focusing on deeper savings and coordination across multiple clean energy programs, with the average treated household energy savings increasing at least 5 percent year over year for each IOU service territory (based on resource measures).

42. The Energy Division's ESA program redesign proposes the development of a universal low income customer application system that would allow for multiple registration pathways and capabilities for sharing application information and related energy usage information with program partners.

43. More analysis and data collection are needed before full implementation of the Energy Division's ESA program redesign.

44. The multifamily housing sector offers opportunities for ESA program savings in both deed restricted and non-deed restricted buildings.

45. The Utilities have conducted successful competitive solicitations for certain aspects of the ESA program in the past, while keeping other aspects in house.

46. The Utilities' propose to outsource the ESA MFWB design and delivery to a third party including the design, delivery, measures mix, targets, and single point of contact (for some utilities) per D.19-06-022.

47. MCE proposes an ESA MFWB program per D.16-11-022 and D.19-06-022, to be outsourced to a third party.

48. Third-party procurement mechanisms for the ESA program can promote greater competition and transparency for bidders, reduce unduly high measure costs, and encourage innovation.

49. Combining all ESA program multifamily measures (including in-unit, common area measures, and whole building measures), will create efficiencies, increase participation, and decrease confusion and barriers.

50. Applying certain ESA multifamily program rules (including self-certification, categorical eligibility, audit, property owner approvals/ waivers, rent restrictions, property owner co-pays, and the income documentation processes and requirements,) decrease barriers to participation and/or protects the integrity of the program.

51. Coordinating and leveraging the ESA multifamily programs with other programs and organizations targeting the same population help to increase participation and decrease confusion and barriers.

52. MCE's current multifamily LIFT pilot is incomplete, with no final pilot results yet to determine its success.

53. MCE customers are not "undertreated" and can be adequately served by PG&E.

54. A separate MCE ESA MFWB program would be duplicative of PG&E's ESA MFWB program since they both serve the same territory and would cause customer confusion.

55. The Commission does not need to micromanage the detailed agreements and specific contract terms between the Utilities and contractors, so long as the terms are in compliance with Commission decisions and program rules.

56. The Utilities have consistently underspent the ESA program authorized budgets since 2017.

57. There has been a large accumulation of unspent, uncommitted ESA program funds as of 2020, approximately \$567 million.

58. The Utilities and some parties have failed to provide reasoning for various large budget increases.

59. Engaging with Tribal communities will help increase enrollment into the low income programs, decrease participation barriers and negative perceptions, and build trust with the community.

60. The CARE, FERA and ESA programs would benefit from continuous data collection and reporting, studies, evaluations and cost effective pilots.

61. The CARE, FERA and ESA programs would benefit from ongoing monitoring of progress towards goals and targets and feedback from working groups and the LIOB.

Conclusions of Law

1. The CARE program should continue to offer electric and gas rate discounts to eligible households with total household annual gross income at 200 percent or less of the federal poverty guideline level.

2. The CARE program enrollment goal should remain at 90 percent.

3. The CARE administrative budgets should be increased from prior years to enroll that last remaining, hard to reach, group of customers.

4. Certain CARE program rules (including self-certification, categorical eligibility, post enrollment verification, and the income documentation processes

and requirements) should be modified to decrease barriers to participation and/or protect the integrity of the program.

5. The CARE capitation reimbursement rate should be increased to help increase the CARE program enrollment rate, educate customers on the CARE and FERA discounts, and assists customers in enrolling in the ESA program.

6. Dedicated funding should be provided for the targeted marketing, education and outreach of the CARE program to help the Utilities to meet the CARE program goals.

7. Minimal funding should be provided for coordination and leveraging efforts of the CARE program with other programs and organizations targeting the same population to help to increase participation and decrease confusion and barriers.

8. Cooling Centers should be funded through Utilities' general rate cases, since they benefit all customers, and not just the low income communities.

9. The CHANGES program should be funded from the CARE program in the interim, given that it provides outreach, education, and bill issue assistance on natural gas and electricity bills and services to limited English proficient consumers that are generally low income.

10. The Utilities' CARE administrative budgets should be funded at levels less than 10 percent of the total CARE budgets.

11. The FERA program should continue to offer electric rate discounts to eligible households of three or more persons with total household annual gross income levels between 200 percent and 250 percent of the federal poverty guideline level.

12. The FERA program enrollment goals should be set at 50 percent for all the electric Utilities by 2023 with the goal of eventually having the same enrollment rate as the CARE program.

13. The FERA administrative budgets should be increased from prior years to meet the program enrollment goals.

14. Certain FERA program rules (including self-certification, categorical eligibility, post enrollment verification, and the income documentation processes and requirements) should be modified and aligned with the CARE program rules to decrease barriers to participation and/or protect the integrity of the program.

15. A FERA capitation program, like the CARE capitation program, should be established to help increase the FERA program enrollment rate, educate customers on the CARE and FERA discounts, and assist customers in enrolling in the ESA program.

16. Dedicated funding should be provided for the targeted marketing, education and outreach of the FERA program to help the Utilities to meet the FERA program goals.

17. Minimal funding should be provided for coordination and leveraging efforts of the FERA program with other programs and organizations targeting the same population to help to increase participation and decrease confusion and barriers.

18. The FERA program proceeding should be consolidated with the CARE and ESA proceeding to achieve administrative efficiencies.

19. The ESA program should continue to offer energy efficiency services to eligible households with total household annual gross income at 200 percent or less of the federal poverty guideline level.

20. The ESA program should continue to take into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low income households when designing the program.

21. Given that the Utilities have essentially achieved the statutory goal of treating all willing and eligible households by 2020, the ESA program design and delivery models should shift towards a customer-centered prioritization model based on household needs and customer profile.

22. The ESA program measures should focus on deeper energy savings that will help achieve program goals.

23. Energy savings goals should be established for the ESA program to require the Utilities to be more targeted, tailored, thoughtful, and strategic about treatments.

24. Household treatment targets, as opposed to goals, should be established for the ESA program to allow the Utilities to focus less on treating as many households as possible and more on the quality of the treatments by household.

25. Non-energy benefit targets, and additional metrics, should be established for the ESA program to ensure that the Utilities do not neglect the household's health comfort and safety needs at the expense of only achieving energy savings.

26. The Utilities should have flexibility in modifying and developing their own measure mix and customer segmentation strategies so that the programs can be tailored to better meet the household's needs.

27. Cost effectiveness guidelines should be established for the ESA program to hold the Utilities accountable for ensuring the best use of ratepayer funds.

28. Certain ESA program rules (including self-certification, categorical eligibility, audit, property owner approvals/waivers, and the income

documentation processes and requirements) should be modified to decrease barriers to participation and/or protect the integrity of the program.

29. Minor program changes (including updating measures, manuals, fund shifts) should be allowed to be made through the Utility monthly/annual reports, or an advice letter, as opposed to a petition for modification to the decision to ease administrative burdens on all parties and Commission staff.

30. Dedicated funding should be provided for marketing, education and outreach efforts for the ESA program to help the Utilities to meet the ESA program goals.

31. Workforce, education, and training efforts should be funded from the mainstream energy efficiency portfolios as they are the appropriate source for the majority of the workforce, education, and training budgets, including the Energy Savings Assistance program workforce, education, and training efforts.

32. Minimal funding should be provided for coordination and leveraging efforts of the ESA program with other programs and organizations targeting the same population to help to increase participation and decrease confusion and barriers.

33. Energy Division's ESA program redesign should be implemented as a pilot because more analysis and data collection are needed before full implementation.

34. The ESA multifamily program should be expanded to both deed restricted and non-deed restricted buildings because these buildings offer opportunities for savings.

35. The Utilities should continue to conduct competitive solicitations for certain aspects of the ESA program, while keeping other aspects in house.

36. The Utilities should outsource the certain aspects of the ESA MFWB design and delivery to a third party including the design, delivery, measures mix, targets, and single point of contact (for some utilities).

37. The Utilities should combine all ESA program multifamily measures (including in-unit, common area measures, and whole building measures), to streamline the various multifamily offerings, create efficiencies, increase participation, and decrease confusion and barriers.

38. Certain ESA multifamily program rules (including self-certification, categorical eligibility, audit, property owner approvals/ waivers, rent restrictions, property owner co-pays and the income documentation processes and requirements) should be modified to decrease barriers to participation and/or protect the integrity of the program.

39. Dedicated funding should be provided for the targeted marketing, education and outreach of the ESA multifamily programs to help the Utilities to meet the ESA program goals.

40. Minimal funding should be provided for coordination and leveraging efforts of the ESA multifamily programs with other programs and organizations targeting the same population to help to increase participation and decrease confusion and barriers.

41. MCE's current multifamily LIFT pilot should be continued so that the final pilot results can be reviewed and learned from.

42. Separate ESA MFWB programs should not be approved for MCE and PG&E, as it would be duplicative, inefficient, and confusing.

43. The Commission should not micromanage the detailed agreements and specific contract terms between the Utilities and contractors, so long as the terms are in compliance with the Commission decisions and program rules.

44. The Utilities' ESA program budgets should not be authorized at proposed levels given that they have consistently underspent past authorized budgets since 2017 and have failed to justify areas of significant budget increases.

45. The accumulation of large sums of unspent and uncommitted funds should not be carried over from year to year to supplement future budgets as it misrepresents the true costs of providing program services, and poses the risk of program funds being shifted to sources that do not benefit low income customers and are against statutory requirements.

46. The Utilities should engage with Tribal communities, including offering grants for services, to help increase enrollment into the low income programs, decrease participation barriers and negative perceptions, and build trust with the community.

47. The Utilities should continue to monitor and collect data on the CARE, FERA and ESA programs through the monthly / annual report, studies, evaluations and pilots to enhance the programs.

48. The Utilities should form working groups and continue to coordinate with the LIOB to solicit feedback and monitor the progress of the programs.

49. Approving the FERA budgets is needed to meet the new 50 percent enrollment goals by 2023 and 70 percent enrollment goals by 2026.

50. Approving the CARE budgets is needed to enroll that last remaining, hard to reach, group of customers.

51. Approving the ESA budgets is needed to support the new ESA design and shift to deeper energy savings.

O R D E R**IT IS ORDERED that:**

1. The Family Electric Rate Assistance program budgets of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, are authorized collectively at \$394 million for program years 2021-2026, as set forth in Attachment 1.
2. The California Alternate Rates for Energy program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized collectively at \$8.5 billion for program years 2021-2026, as set forth in Attachment 1.
3. The Energy Savings Assistance program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized at \$2.2 billion for program years 2021-2026, as set forth in Attachment 1.
4. The California Alternate Rates for Energy program enrollment rate will continue to be set at 90 percent during program years 2021-2026.
5. The California Alternate Rates for Energy (CARE) enrollment rate must be measured for each utility as the ratio of enrolled CARE households to total eligible CARE households, as estimated by the yearly Annual CARE/FERA Eligibility Report.
6. The California Alternate Rates for Energy (CARE) recertification period for the CARE Expansion program is modified from two years to four years.
7. Certain fixed-income California Alternate Rates for Energy (CARE) customers are exempt from future CARE recertification and verification requests after verifying income using approved documentation. The exemption will be

valid until the customer account is closed, customer-of-record name is altered, or a minimum of six years has elapsed since the customer verified income using approved documentation.

8. Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company are authorized to update their California Alternate Rates for Energy propensity and probability models, with all the Utilities granted flexibility in making updates to their respective probability/propensity models without having to request authorization from the Commission, as long as these updates do not require budget expenditures beyond what is already approved. Any updates made must be reported in the monthly and annual compliance reports.

9. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must adopt a 4-year recertification cycle for enrolled California Alternate Rates for Energy (CARE) customers with a high probability of being CARE eligible, which is defined as households that have at least an 80 percent probability (or top two deciles) of being CARE-eligible as identified by each IOU's probability model.

10. The requirement to post-enrollment verify all California Alternate Rates for Energy customers that exceed 400 percent of baseline usage is modified from one time in a 12-month period to three times in a 12-month period.

11. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must allow California Alternate Rates for Energy customers selected for high usage post-enrollment verification to verify their income using the documentation used in the regular post-enrollment verification process, rather

than requiring a transcript of Internal Revenue Service (IRS) tax return or IRS verification of non-filing.

12. Southern California Edison's budget request of \$21,615 for enhanced Energy Advisors training for the California Alternate Rates for Energy Hotline is approved.

13. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must simultaneously conduct a coordinated six month to one year outbound call pilot for "attempted but failed" post-enrollment verified households at a budget not to exceed \$80,000 per utility (to be funded via each utility's existing authorized California Alternate Rates for Energy program outreach budgets for the respective year in which the pilot is being conducted), with a Tier 2 advice letter filing due at the end of the pilot term, and within three months of the pilot's conclusion.

14. The California Alternate Rates for Energy capitation fee is increased from \$20 to *up to* \$30 per enrollment.

15. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Categorical Eligibility study must explore the topic of data sharing opportunities. Specifically, this study must research potential data sharing opportunities between the Utilities and state and federal agencies as it applies to providing a pathway for customers to auto-enroll or auto-recertify in the California Alternate Rates for Energy program.

16. San Diego Gas & Electric Company's budget request for \$120,000 to upgrade its Integrated Voice Response system is approved.

17. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's California Alternate Rates for Energy marketing and outreach strategies are approved, with additional reporting requirements (per the reporting template to be developed and issued by Energy Division staff).

18. The Joint Stipulation between the Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, San Diego Gas & Electric Company and the California Emerging Technology Fund is approved.

19. The utility cooling centers must be funded through the respective utility's general rate case, since cooling centers benefit all patrons, and not just low income patrons.

20. The Community Help and Awareness of Natural Gas and Electricity Services program must continue to be funded through the California Alternate Rates for Energy program at a total of \$10,515,012 for program years 2021-2026.

21. The Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) program must be evaluated by an independent third party to detail the benefits and cost-effectiveness of services delivered to low income customers, including comparisons to similar initiatives nationwide, and include a determination of the most appropriate funding source for the CHANGES program based on the beneficiaries of the program.

22. Pacific Gas and Electric Company must lead the contract management of the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) evaluation while the scope will be determined by the Utilities, the Commission's Consumers Affairs Branch and Energy Division staff, with final approval by Commission staff. An evaluation budget of up to 4 percent of the

combined 2021-2026 authorized CHANGES budgets is approved for at least two sequential, third-party evaluations of the program. The first evaluation must begin by no later than 12 months after the approval of this decision and the second evaluation must deliver a final report by no later than December 31, 2025.

23. Southern California Gas Company's requested California Alternate Rates for Energy outreach budget is reduced by \$1 million per program year.

24. The Family Electric Rate Assistance program enrollment goal is set at 50 percent to be achieved by 2023, with the aim to reach 70 percent by 2026.

25. The Family Electric Rate Assistance (FERA) enrollment rate must be measured for each utility as the ratio of enrolled FERA households to total eligible FERA households, as estimated by the yearly Annual California Alternate Rates for Energy/FERA Eligibility Report.

26. The Family Electric Rate Assistance program proceeding will be consolidated with the California Alternate Rates for Energy and the Energy Savings Assistance program proceeding.

27. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must each implement, by no later than December 31, 2022, an auto-recertification process for the Family Electric Rate Assistance (FERA) program customers that mirrors the California Alternate Rates for Energy program auto-recertification process. The Utilities must implement an auto-recertification process for customers that its probability model identifies as having a high probability of being FERA eligible, where "high probability of being FERA eligible" is defined as those households that have at least an 80 percent probability of being FERA-eligible as identified by each utility's probability model.

28. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must implement a high usage post-enrollment verification policy for the Family Electric Rate Assistance (FERA) program where FERA customers will be flagged for high usage post-enrollment verification after three instances of going over the 400 percent baseline consumption in a 12 month period. However, FERA customers flagged for high use post enrollment verification are not required to apply for the Energy Savings Assistance (ESA) program within 45 days of the high usage notice because they do not meet the income limits of the ESA program.

29. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must align the Family Electric Rate Assistance program income verification requirement for high usage post-enrollment verification with that of the California Alternate Rates for Energy program where high usage post-enrollment verified customers are able to verify their income using the documentation used in the regular post enrollment verification process, rather than requiring a transcript of Internal Revenue Service (IRS) tax return or IRS verification of non-filing.

30. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must automatically enroll all customers who apply but do not qualify for the California Alternate Rates for Energy program but qualify for Family Electric Rate Assistance (FERA) program, into the FERA program, if not already currently doing so.

31. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company's Family Electric Rate Assistance program marketing and outreach strategies are approved with exceptions and addition of new efforts as discussed in this decision.

32. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must establish a new capitation program for the Family Electric Rate Assistance program similar to the California Alternate Rates for Energy capitation program and provide a reimbursement rate of up to \$30 per enrollment.

33. Southern California Edison Company's telemarketing pilot aimed at reaching out to customers who receive a Family Electric Rate Assistance direct mail letter but elect not to enroll is approved.

34. Southern California Edison Company must file a Tier 1 advice letter within 30 days after the approval of this decision, separating out the approved Family Electric Rate Assistance (FERA) program management costs from the approved California Alternate Rates for Energy (CARE) program management costs and provide new and separate budget tables for CARE and FERA. The new CARE and FERA budget tables in the advice letter must not exceed what is being authorized in this decision for CARE and FERA program management costs combined.

35. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must track all Family Electric Rate Assistance (FERA) related costs in a separate FERA balancing account. For those costs spent on joint FERA, California Alternate Rates for Energy (CARE), or Energy Savings Assistance (ESA) related efforts, the costs must be split between the programs as has been done with joint CARE and ESA efforts at the appropriate level determined by the Utilities.

36. Southern California Edison Company must reestablish a Family Electric Rate Assistance (FERA) balancing account within six months from the approval of this decision and record all FERA-related expenses.

37. San Diego Gas & Electric Company must eliminate the Family Electric Rate Assistance subaccount in the Baseline Balancing Account.

38. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must implement the Staff Proposal's Energy Savings Assistance design concept on a pilot basis, the Pilot Plus and Pilot Deep program, and gather data on the feasibility of the strategic measures delivery, the level of investment required for such deep energy retrofits, the realized savings to the household, the long term benefits of these treatments, and the cost effectiveness of each treatment tier.

39. Approximately \$44 million for Pacific Gas and Electric Company, \$19 million for Southern California Edison Company, \$33 million for Southern California Gas Company and \$8 million for San Diego Gas & Electric Company will be allocated for the Pilot Plus and Pilot Deep program.

40. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company, in coordination with Energy Division staff, must lead at least one workshop with stakeholders to introduce the preliminary implementation plans for the Pilot Plus and Pilot Deep program and seek stakeholder feedback within 120 days after the approval of this decision.

41. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must each file a Tier 2 advice letter no later than 90 days after the first pilot workshop detailing the Pilot Plus and Pilot Deep program implementation plan.

42. The Pilot Plus and Pilot Deep program must be launched by the beginning of the third quarter of 2022.

43. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must hold a clean energy programs workshop within 120 days after the approval of this decision, with other low income and/or clean energy program administrators, to discuss how the various program administrators can better align customer eligibility for the programs, increase referrals and enrollment across multiple programs, and increase coordination efforts to improve customer experience and confidence, and increase customer enrollment in, and customer benefits from these programs, as further described in this decision. These efforts include but are not limited to data sharing, cost sharing, joint enrollment, and/or other joint agreements and/or memorandums of understandings between program administrators.

44. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must file a Tier 1 Advice Letter within 30 days after the clean energy programs workshop, with a summary of the workshop's discussion, including a plan for how the Utilities will increase and improve referral, leveraging, and coordination efforts, a proposed schedule across the program cycle, new metrics and reporting templates to be used in the monthly and annual reports, and other future considerations to be incorporated into the mid-cycle process.

45. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must set up a Universal Application System working group, as part of the overall Energy Savings Assistance Working Group, to complete the various

tasks during a year-long development process. These tasks include identifying the Universal Application System's purpose, goals, requirements, and intra- and interagency solutions/alternatives.

46. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must submit a report to Energy Division and this proceeding's service list summarizing the Universal Application System's working group progress by July 1, 2022. The report will answer various questions and provide the working group's recommendation as to whether to continue the development of a Universal Application System.

47. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must file a joint advice letter requesting a fund shift from another budget category, such as marketing, education, outreach, if the Universal Application System's working group report recommends developing a Universal Application System or connecting with an existing Universal Application System's effort.

48. Energy Division may submit its own resolution to the Commission for consideration of developing a new Universal Application System or integrating with an existing Universal Application System and the necessary budget for that purpose if there is 1) low working group participation, 2) inadequate public participation, 3) no consensus or near consensus recommendation from the Universal Application System Working Group, or 4) if the Energy Division believes further consideration of the options is appropriate.

49. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric

Company must allow customers to self-certify that they meet the Energy Savings Assistance (ESA) program income eligibility requirement to receive ESA basic measures, which may include energy education, LED light bulbs and smart power strips, and Energy Conservation Savings Kits. Measures requiring modifications to dwellings, which includes grounding, such as refrigerators, portable air conditioners, and smart thermostats, are exempt from this requirement to be provided to self-certifying customers. The Utilities must file as part of the joint Tier 2 advice letter compliance filing which set of measures, including those provided through self-certification and those that are exempt, will be part of the “basic” offerings, per Attachment 3.

50. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must automatically enroll customers who are participating in the Energy Savings Assistance program into the California Alternate Rates for Energy program, with the customer’s consent.

51. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must offer alternative enrollment options, either to be completed outside the home or online. These alternative options must make the enrollment process as user friendly as possible, available in multiple languages, and include an option to seek additional assistance during the online application process (either through offering a live-chat function, an assistance hotline, and/or an email inquiry for questions).

52. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric

Company must continue to offer the existing enrollment processes where households can enroll during an in-home assessment with a contractor.

53. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must make available to customers a voluntary energy audit at or before the time of enrollment, preferably completed online.

54. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must waive the Property Owner Approval/Authorization requirements for qualified households to receive the basic level of Energy Savings Assistance program services. Measures requiring modifications to dwellings, which includes grounding, such as refrigerators, portable air conditioners, and smart thermostats, are exempt from this requirement to be provided to self-certifying customers.

55. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must extend the Property Owner Approval/Authorization validation date from one year to two years.

56. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must shift the Energy Savings Assistance program towards a customer-centered, prioritization model based on household needs and customer profile.

57. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance delivery models are approved with

additional reporting requirements (per the reporting template to be developed and issued by Energy Division staff), including allowing online audits prior to in-home visits, limited self-installation of simple measures, limited self-assessments, targeted treatment tiers based on customer segments and needs, and the move towards deeper and more thoughtful retrofits.

58. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must submit a joint Tier 2 advice letter compliance filing within 90 days after the approval of this decision to identify the common set of Energy Savings Assistance program measures within each treatment tier, and detail what level of treatment will be provided to which customer segments, per Attachment 3. The Utilities must also propose a consistent statewide definition for low, medium, and high usage customers, in the joint compliance filing.

59. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance program portfolio measure mix, as proposed in their applications and updated per the joint Tier 2 advice letter compliance filing, is approved.

60. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must utilize the Energy Savings Assistance (ESA) program monthly reports (for notification purposes) for ESA measure mix changes.

61. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must work with parties and stakeholders to propose Energy Savings Assistance (ESA) program measure changes, through the ESA Working Group as

the venue to discuss these measure changes, as well as changes to measure co-pays and measure replacement criteria, before submitting them for notification through the ESA monthly reports.

62. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to target and treat Energy Savings Assistance program customers within the mobile home sector who are a part of multiple need states.

63. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to report on and study the low income mobile home segment, understand its needs, proposes new Energy Savings Assistance program measures as they become available, and propose modifications as they see fit and effective.

64. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must refer customers who have already received Energy Savings Assistance program treatment, and who may be candidates for additional solar measures, to these existing programs (e.g., SOMAH, DAC-SASH, SGIP, etc.).

65. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to offer the most effective Energy Savings Assistance program packages consisting of both gas and electric measures based on the customer's need or need states.

66. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must use the Energy Savings Assistance Working Group to address

the issue of healthy building material and consider the benefits of incorporating healthy building materials into the Installation Standards Manual against any additional costs to the program and potential adverse impacts to cost-effectiveness.

67. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must gather information to consider the Energy Savings Assistance program's contractors' use of healthy building materials through the contract solicitation and request for proposal process.

68. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must increase the Energy Savings Assistance (ESA) program's minor home repair cap to \$2,500. The Utilities must monitor the minor home repairs cap to ensure an appropriate share of total program budget, and the ESA Working Group is authorized to adjust the minor home repairs cap to up to 150 percent of average household costs.

69. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must add, remove, and/or modify measures, via the Energy Savings Assistance (ESA) monthly reports, so long as it does not result in spending beyond the approved budgets or adversely impact cost effectiveness results. The Utilities must discuss the revisions through the ESA Working Group first before submitting for notification through monthly reports.

70. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must develop and maintain a list of Energy Savings Assistance

program measures, that should be offered throughout the state, even if a measure would only be installed if it is cost effective for a specific utility or climate zone or offers a health, comfort and safety benefit and is appropriate considering the Utilities' proposed program delivery model and the customer segmentation. The Utilities must note whether the measure is consistent or different across the utilities, both for the post-decision joint Tier 2 advice letter compliance filing, per Attachment 3, as well as in the ongoing Policies and Procedures Manual, across all utility territories.

71. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must map the list of Energy Savings Assistance program measures to the proposed customer segments, as well as the treatment tiers, and to note where they are consistent or different across the Utilities, in the joint compliance advice letter filing, per Attachment 3.

72. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's customer segment prioritizations, as proposed in their applications, are approved and shall be updated per the post decision joint Tier 2 advice letter compliance filing with additional reporting, per the reporting template to be developed and issued by Energy Division staff.

73. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must report on and identify a combination of variables that make a household eligible for different income qualified programs, per the reporting template to be developed and issued by Energy Division staff. The Utilities must

also ensure that contractors are aware and must inform customers during treatment that there are additional opportunities for which they may qualify.

74. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must track monthly, and report annually, the information to demonstrate that the Utilities meet the leveraging, coordination, and referral requirement per the reporting template to be developed and issued by Energy Division staff.

75. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's portfolio level energy savings goals are approved as follows.

Approved Energy Savings Assistance Program Portfolio Savings Goal, Program Years 2022-2026							
IOU		2022	2023	2024	2025	2026	Total
PG&E	GWh	15.1	35.8	34.3	33.8	33.2	152.2
	MW	2.9	3.2	2.9	2.9	2.7	14.6
	Million Therms	0.63	1.46	1.39	1.37	1.35	6.20
SCE	GWh	18.8	22.4	31.8	33.5	25.1	131.5
	MW	7.1	8.8	12.7	13.5	9.9	52.0
	Million Therms	0.19	0.24	0.38	0.36	0.29	1.48
SoCalGas	GWh	-	-	-	-	-	-
	MW	-	-	-	-	-	-
	Million Therms	1.44	1.44	1.44	1.44	1.44	7.18
SDG&E	GWh	3.0	2.6	2.8	2.9	3.2	14.4
	MW	0.4	0.4	0.4	0.4	0.5	2.1

	Million Therms	0.13	0.11	0.12	0.12	0.13	0.60
Annual Total	GWh	36.8	60.8	68.8	70.2	61.4	298.1
	MW	10.4	12.4	16.0	16.7	13.1	68.7
	Million Therms	2.39	3.25	3.33	3.29	3.20	15.45

76. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must begin tracking three household Energy Savings Assistance program energy saving metrics and report them on an annual basis, as described in this decision and per the reporting template to be developed and issued by Energy Division staff. These include the average household first-year energy savings metric (energy saving measures only), the average household first-year energy savings metric (energy savings and health, comfort, and safety measures), and average first-year household energy savings as a percent of estimated total annual energy consumption (energy savings and health, comfort, and safety measures).

77. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must utilize the current Potential and Goals study process under the Energy Efficiency Rulemaking to help inform the goals for the Energy Savings Assistance program.

78. Energy Division staff will work with stakeholders and the Potential and Goals study consultants on the next Potential and Goals study in 2023, to refine and update the methodology used for the low income customer segment to ensure better alignment with this market's profile.

79. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must provide consistent formats for tracking Energy Savings Assistance program goals and other relevant data being collected per the reporting template to be developed and issued by Energy Division staff.

80. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must track additional health, comfort and safety and hardship-reduction metrics in their annual Energy Savings Assistance program reports, as described in this decision and per the reporting template to be developed and issued by Energy Division staff. These include a health, comfort, and safety benefits per household metric (energy saving and health, comfort and safety measures), and a hardship reduction metric (bill savings plus health, comfort and safety benefits for energy saving and health, comfort and safety measures).

81. The Energy Savings Assistance (ESA) Working Group must review the ESA program health, comfort and safety and hardship-reduction metrics data collected during the first half of the program cycle and must include in the mid-cycle progress report i) whether health, comfort and safety and hardship-reduction goals should be set, why or why not, ii) how health, comfort and safety and hardship-reduction goals should be calculated, and iii) at what specific level should health, comfort and safety and hardship-reduction goals be set.

82. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance program household treatment goals and targets are approved as follows:

Approved Energy Savings Assistance Household Treatment Goals and Targets, Program Years 2021-2026							
IOU	2021 (Goals) (July 1- Dec. 31)	2022 (Targets)	2023 (Targets)	2024 (Targets)	2025 (Targets)	2026 (Targets)	Total
PG&E	50,000	59,340	60,437	54,876	52,954	51,099	328,705
SCE	43,562	27,051	37,871	64,922	59,512	56,806	289,725
SoCalGas	60,000	94,600	69,837	69,837	69,837	69,837	433,948
SDG&E	5,973	13,760	11,711	14,138	14,780	16,065	76,427
Total	159,535	194,751	179,857	203,773	197,083	193,807	1,128,805

83. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must use an average 0.7 ESACET target for the portfolio level as a guideline when developing their Energy Savings Assistance program portfolio measure mix. To aim for a portfolio level of 0.7 ESACET, the Utilities must re-evaluate all measures with ESACET scores of less than 0.30 to determine if the measure should be removed from the portfolio, giving limited exceptions to measures that provide valuable health, comfort and safety benefits, high energy savings, or other programmatic benefits.

84. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must complete the review of the Energy Savings Assistance program measure mix using the 0.30 ESACET criteria and identify the results when submitting the joint Tier 2 advice letter compliance filing, per Attachment 3.

85. The Energy Savings Assistance Working Group must provide recommendations on cost effectiveness test considerations via a progress report to be distributed to the service list of this proceeding or a successor proceeding no later than the end of the first quarter of 2023.

86. The Energy Savings Assistance Working Group must provide recommendations on the Non Energy Benefits study and stakeholder process via a progress report to be distributed to the service list of this proceeding or a successor proceeding no later than December 31, 2022.

87. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must file a joint Tier 1 advice letter upon completion of the Non Energy Benefits (NEBs) study and stakeholder process progress report, informing the Commission of the next steps they will be taking to begin the NEBs study, and how the recommendations from the Energy Savings Assistance Working Group will be taken into consideration.

88. The ESACET discounting methodology must be updated to use the latest California Energy Data and Reporting System cost effectiveness test functionality to express outputs from the cost effectiveness test in the relevant program year that the net present value is approved. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must file a joint Tier 1 advice letter *if* the Utilities decide to update this methodology again.

89. The Energy Savings Assistance Working Group must evaluate and recommend whether the Resource Test should continue to be used.

90. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance program marketing, education, and outreach strategies are approved with additional reporting per the reporting template to be developed and issued by Energy Division staff.

91. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to market and conduct outreach to long term California Alternate Rates for Energy eligible customers in conjunction with the prioritized customer segments.

92. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to report and track Energy Savings Assistance program's contractor energy education efforts per the reporting template to be developed and issued by Energy Division staff.

93. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must leverage the contractors' Energy Savings Assistance program's in-home visit and energy education to assist customers with other utility account services, including, but not limited to, online account creation and enrollment in bill payment plan programs such as Arrearage Management Plan if the customer is eligible.

94. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to establish relationships with local organizations that have existing relationships with the low income households.

95. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must continue to report marketing, education, and outreach activities in their Energy Savings Assistance program monthly reports per the reporting template to be developed and issued by Energy Division staff, including the two

new metrics: i) whether customers know where to get more information about how to manage their energy use, and ii) whether customers were provided with information and services to help reduce their energy bill.

96. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must begin the transition away from hard copy education booklets and towards customized online energy education modules that customers can access at their ongoing convenience. The online modules shall replace the hard copy education booklets and shall be offered to all customers enrolled into the Energy Savings Assistance program except for those that are limited by broadband access or do not have access to online resources. In these instances, the Utilities may provide hard copies.

97. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance program referral, leveraging, and coordination efforts and relationships are approved, including those ongoing with, and desired by, the California Department of Community Services and Development, and the Commission's Self-Generation Incentive Program.

98. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's Energy Savings Assistance program workforce, education and training programs are approved with modifications and additional reporting per the reporting template to be developed and issued by Energy Division staff.

99. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must incorporate training related to the new Energy Savings

Assistance program tiered measure offerings by customer segments/ need state to ensure that all contractors are well versed in distinguishing which tier might best fit the customer prior to the in home visits. The Utilities shall ensure that all the training provided builds upon existing soft and technical skills and promotes direct access to employment (to Energy Savings Assistance and the broader energy efficiency industry).

100. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall explore the feasibility of coordinating with other existing job training programs, centers, or community colleges to target workforce, education and training efforts towards low income areas and disadvantaged communities.

101. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must inquire of potential bidders how the Energy Savings Assistance program can facilitate the hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as develop any new metrics to track these efforts.

102. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must leverage the statewide Career & Workforce Readiness program to target workers in disadvantaged areas with specific training, as well as partner with organizations that provide training and job-related services.

103. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must include additional metrics related to the Energy Savings Assistance (ESA) program's workforce, education, and training that are currently

reported through the Utilities' main energy efficiency annual reports, in the ESA annual reports per the reporting template to be developed and issued by Energy Division staff.

104. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must comply with the following additional workforce, education, and training efforts:

- Alignment with the California Workforce Development Board's Energy and Climate Jobs initiatives;
- Alignment of Energy Savings Assistance (ESA) training with the Multi-Craft Core Curriculum; and
- Establishment of formal partnerships between the Utilities, contractors, apprenticeships, and community college programs to better integrate ESA into energy efficiency workforce education, as well as with organizations that provide services to assist in developing ESA workers into more advanced positions, and with community based organizations that provide services to assist those in disadvantaged communities or who are underrepresented.

105. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must modify the policy related to background checks for the Energy Savings Assistance program to be consistent with the current direction for energy efficiency contractors as ordered in Decision (D.) 18-10-008 and corrected in D.19-07-016.

106. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must include the following changes in their agreements with Energy Savings Assistance program contractors: requiring standard term background

checks of third-party employees or representatives who have direct contact with Utility facilities or assets, and/or access to customer premises, where an individual's court record for the seven-year period immediately preceding the individual's date of hire would be considered.

107. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must perform competitive solicitations for the implementation and/or program delivery of the Energy Savings Assistance program, using an open competitive bidding process, as described in this decision.

108. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's open competitive bidding process for the Energy Savings Assistance (ESA) program implementation and/or program delivery must include posting requests for proposals as open to all qualified entities, beyond the existing ESA contractor workforce.

109. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must jointly communicate to the proceeding service list within 90 days after the approval of this decision i) the projected solicitation timing, ii) an overview of stages/process the solicitation will follow, iii) the platforms/websites bidders can expect to find, or be alerted of upcoming solicitations, iv) any other already known contract scope, bidder eligibility requirements, or other information to help potential bidders prepare and v) whether a Procurement Review Group and an Independent Evaluator will be used in the solicitation process, for all solicitations to be issued for the Energy Savings Assistance program. The Utilities must provide a timely update to the

proceeding service list whenever there are new solicitation opportunities during the program cycle.

110. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must comply with Decision 18-01-004 Attachment A Standard Contract Terms for finalized Energy Savings Assistance program contracts.

111. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must include the following questions to bidders in any request for proposals which covers solicitations for the Energy Savings Assistance (ESA) programs' delivery and/or implementation, including in-home programs and pilots:

- How the ESA WE&T objectives described in Section 6.13 of this decision will be met, including the hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as any new metrics to track these objectives.
- Where applicable, a payment term structure that reflects the program design shift away from a number of homes treated goal to the portfolio energy savings goal, including deeper energy savings per household.
- How to provide quality of service to the customer, including managing customer expectations on what measures/benefits they will receive at what program phase.
- How community input will be incorporated to develop ideas that increase customer willingness to participate, are practical to implement, and will result in high quality of service from the customer's perspective.

112. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric

Company's Energy Savings Assistance (ESA) program administrative expenses are capped at either 10 percent of total program costs, or the Utility's historical five-year average spend on administrative costs as a percentage of total program costs, whichever is greater. The use of the historical five-year average spend will be phased out such that the Utilities must propose to spend no more than 10 percent of total program costs on administrative costs starting in program year 2024. The definition and categorization of administrative cost for the ESA program will be consistent with that of the main energy efficiency program.

113. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must use all unspent and uncommitted Energy Savings Assistance program funds remaining at the end of the 2020 program cycle and the 2021 bridge period to offset future collections.

114. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must annually carry over any unspent and uncommitted Energy Savings Assistance program funds remaining at the end of each year and apply to offset the next year's collections.

115. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must submit a joint Tier 2 advice letter filing, per Attachment 3, within 90 days after the approval of this decision to i) identify which set of Energy Savings Assistance (ESA) program measures will be part of the "basic" offerings, ii) identify the common set of measures within each treatment tier, iii) detail what level of treatment will be provided to which customer segments, iv) propose a consistent statewide definition for low, medium, and high usage

customers, and v) complete the review of the measure mix using the 0.30 ESACET criteria and identify the ESACET results.

116. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's must develop a competitive solicitation for the implementation, delivery, and certain design aspects of the multifamily whole building program by a third-party, using a single-stage solicitation process with two-step selection that will include the use of a Procurement Review Group and an Independent Evaluator.

117. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company must maintain an active role in the multifamily whole building program design, provide minimum requirements and direction in the solicitation phase (rather than leaving all design aspects up to the bidder), and work with the contracted third party upon completion of the competitive solicitation phase to develop a design that is in full compliance with this decision, in particular adhering to cost-effectiveness guidelines and the Energy Savings Assistance program portfolio goals.

118. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's multifamily whole building programs must each work towards maximizing a building's demand response technologies, greenhouse gas reduction, water energy nexus, and the health, comfort, and safety of tenants. The Utilities must include these program considerations into the multifamily whole building solicitation process.

119. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company's final multifamily whole building program must include all multifamily sector services (in unit, common area measures and whole building measures) to be implemented by a non-utility, third-party.

120. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) must issue solicitations for and administer two multifamily whole building programs, a Northern multifamily whole building (MFWB) and a Southern MFWB program. SCE, SoCalGas and SDG&E must contribute funding to the Southern MFWB program, with SDG&E designated as the lead utility leading the solicitation process and program management. PG&E must run and manage the Northern MFWB program. The lead Utilities must work together to select an appropriate Independent Evaluator for the Northern and Southern MFWB programs.

121. The low income multifamily whole building program's Procurement Review Group must include members of non-financially-interested parties, including Commission staff and the Public Advocates Office, with membership approved by the Director of the Commission's Energy Division.

122. The lead Utilities for the Northern and Southern multifamily whole building (MFWB) programs must submit a Tier 2 advice letter within 15 days of when the solicitation process concludes and a contract is executed, and at a date no later than November 30, 2022, detailing the MFWB program design, including a budget by category, measure offerings, energy savings goals, treatment targets, cost effectiveness values, contract terms, and Independent Evaluator report.

123. The Northern and Southern multifamily whole building programs must begin implementation no sooner than January 1, 2023.

124. The design of the Northern and Southern multifamily whole building (MFWB) programs must have the following minimum requirements:

- A single in-take application (which can include reliance on the MFWB portal);
- Comprehensive technical assistance;
- Consideration of healthy building materials;
- Energy audits and expanded measure lists, with consideration for highly efficient electrification measures;
- Segmentation treatment plan;
- Program leveraging, including program-to-program customer referrals;
- A comprehensive treatment approach including in unit and common area measures;
- Leveraging with California Department of Community Services and Development's Low Income Weatherization Program to provide Energy Savings Assistance funding for in-unit treatment measures that are common to both programs;
- In-language applications and marketing materials, at a minimum in Spanish;
- Workforce outreach plans for leveraging existing available workforce, education and training programs, a preference for hiring from disadvantaged and local communities; and
- Single Point of Contact services (where proposed to be outsourced), to be a "true one stop model" whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access.

125. The Utilities and the multifamily whole building (MFWB) program administrators will make annual presentations to the Energy Savings Assistance

Working Group to report on progress and receive feedback on the MFWB programs once the MFWB programs are operational.

126. Pacific Gas and Electric Company (PG&E), Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must create an online statewide multifamily application portal, (Multifamily Central Portal), funded at up to \$500,000 statewide from the Utilities' Energy Savings Assistance marketing, education, and outreach budgets. PG&E will be the lead Utility for the development and implementation of the Multifamily Central Portal which must be available by November 30, 2022.

127. The Multifamily Central Portal, at a minimum, and by November 30, 2022, must allow tenants and property owners to submit inquiries and applications for the Northern and Southern multifamily whole building programs and track that information for program administrators. The Utilities must provide easy-to-find, clear and distinguishable links to the Multifamily Central Portal from their respective websites.

128. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must continue to offer their respective Energy Savings Assistance (ESA) program multifamily in unit and common area measure offerings until the multifamily whole building programs are up and running. Until that time, the rules adopted in Decision 17-12-009 governing common area measures shall remain, except for any revisions to eligibility, ESA program measure changes, and reporting requirements updated in this decision.

129. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must continue the multifamily common area measures annual

reporting requirements and report the normalized energy use and savings in the Energy Savings Assistance program reports per the reporting template to be developed and issued by Energy Division staff.

130. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Single Point of Contact (SPOC) proposals are approved, with modifications to align key SPOC services. The Utilities' SPOC services must 1) offer benchmarking services (through EPA Portfolio Manager), 2) offer financial services, 3) be a "true one stop model" whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access, and 4) continue to offer on-bill financing to qualified deed-restricted multifamily properties.

131. San Diego Gas & Electric Company's proposal to use its "rapid feedback" budget to study its Single Point of Contact model is approved.

132. Eligibility for the Utilities' Energy Savings Assistance multifamily services (including in unit, common area and whole building measures) must be extended to non-deed restricted multifamily properties that meet the program's income requirements. This eligibility requirement shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

133. The income qualification threshold to receive Energy Savings Assistance (ESA) programs multifamily whole building services or common area measures must be lowered from 80 percent of the households at the property meeting the ESA program income requirements to 65 percent for deed restricted properties. This income qualification threshold shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

134. The income qualification threshold to qualify for full property treatment of Energy Savings Assistance (ESA) programs in-unit services must be lowered from 80 percent of the households at the property meeting the ESA income requirements to 65 percent for deed restricted properties. This income qualification threshold shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

135. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must allow property owners to enroll tenants into the Energy Savings Assistance programs for in-unit measures and install measures without the tenant having to separately enroll, so long as the property owner provides appropriate income eligibility documentation. This enrollment option shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

136. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must continue to allow non-deed restricted multifamily property owners to certify that at least 80 percent of the building's tenants meet the Energy Savings Assistance programs income eligibility thresholds and therefore authorize treatment for all households without the Utilities requiring individual tenant verification. This enrollment option shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

137. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must allow deed restricted multifamily property owners to certify that at least 65 percent of the building's tenants meet the Energy Savings Assistance programs income eligibility thresholds and therefore authorize treatment for all

households without the Utilities requiring individual tenant verification. This enrollment option shall extend to Marin Clean Energy's Low Income Families and Tenants pilot.

138. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must require a 50 percent property owner co-pay for Energy Savings Assistance (ESA) programs multifamily whole building measures and common area measures in non-deed restricted buildings. Eligible multifamily ESA program in-unit measures will continue to be fully subsidized for both deed restricted and non-deed restricted properties.

139. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must execute rent restriction agreements between the respective Utility and non-deed restricted multifamily whole building (MFWB) program property owners, stipulating that the property owner shall agree to maintain at least 50 percent of the building tenants as California Alternate Rates for Energy income qualified for a period of 10 years following the measures received, using Massachusetts's LEAN Program's "Multifamily Owner Affordability Agreement" as a model. The property owner must also agree to not significantly increase rents because of home improvements over this same period. If a deed restricted property's term ends within 10 years after receiving MFWB or common area measure treatment, then the deed restricted property must also be subject to the same tenant protection agreement from the time of expiration through the end of the 10-year period.

140. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas

Company's multifamily household treatment targets for the 2022 program cycle are collectively approved at 47,121 households.

141. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's multifamily whole building (MFWB) household treatment targets for the 2023-2026 program years are approved as follows:

Program	Approved MFWB Household Treatment Targets, Program Years 2023-2026
Northern MFWB Program	71,400
Southern MFWB Program ¹¹⁶⁰	172,700

142. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's multifamily whole building (MFWB) energy savings goals for the 2023-2026 program cycle are approved as follows:

Program	Approved MFWB Portfolio Savings Goals, Program Years 2023-2026	
	kWh	therms
Northern MFWB	76,960,131	2,992,244
Southern MFWB	39,365,118	2,293,375

143. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas

¹¹⁶⁰ This assumes that 50 percent of the units estimated to be treated by SCE will also be treated by SoCalGas.

Company must report the Energy Savings Assistance (ESA) multifamily whole building program's energy savings goals in the Utilities' ESA monthly and annual reports per the reporting template to be developed and issued by Energy Division staff.

144. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company may adjust the Energy Savings Assistance multifamily whole building (MFWB) program's energy savings goals after the solicitation process for the Northern and Southern MFWB programs are completed, only upwards adjustments are permitted.

145. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Energy Savings Assistance multifamily budgets for the 2022 program year are approved at \$35.4 million, \$5.7 million, \$4.6 million, and \$18.6 million respectively.

146. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must carry-forward all unspent and uncommitted Energy Savings Assistance (ESA) common area measures funding remaining as of June 30, 2021 into the remainder of PY 2021 and 2022 to supplement the Utility approved ESA multifamily budgets for program years 2021-2022.

147. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must use any unspent and uncommitted Energy Savings Assistance program funds allocated to the multifamily efforts remaining upon the implementation of the Northern and Southern multifamily whole building

(MFWB) programs, to offset collections for the MFWB programs, rather than being used to supplement the MFWB programs.

148. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must file a Tier 1 advice letter within 60 days after the approval of this decision with the updated Energy Savings Assistance (ESA) multifamily common area measure budgets for the remainder of program year 2021 and 2022, with the amounts being supplemented by the unspent and uncommitted common area measures funding remaining as of June 30, 2021 as well as annual property treatment targets.

149. Pacific Gas and Electric Company (PG&E), Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's multifamily whole building (MFWB) budgets for the 2023-2026 program cycle, which will include all multifamily offerings (MFWB, in unit, and common area measures), as well as program administration costs, (Single Point of Contact for PG&E only, Inspections, IOU Third Party Program Administration, etc.), are approved as follows:

Approved Northern and Southern MFWB Budgets, Program Years 2023-2026	
Program	Budget (2023-2026)
Northern MFWB Program	\$174,076,023
Southern MFWB Program	\$173,310,891

150. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Energy Savings Assistance multifamily whole building (MFWB) programs' administration costs must not exceed 10 percent of the total MFWB program budgets.

151. The Southern multifamily whole building program budget must be allocated as follow: Southern California Edison Company, 31 percent; Southern California Gas Company, 49 percent; and San Diego Gas & Electric Company, 20 percent.

152. For the Southern multifamily whole building program, to preserve service for multifamily customers in each Utility territory, a minimum portion of the direct implementation budget must be reserved for each Utility's customers at an amount proportional to the Utility's overall contribution to the program, while the savings attribution will continue to follow the statewide program protocol of accruing based on proportion of overall budget contribution.

153. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must report on the multifamily and multifamily whole building programs' progress in the Energy Savings Assistance monthly and annual reports per the reporting template to be developed and issued by Energy Division staff.

154. Ancillary Services, for the purposes of the Energy Savings Assistance program, must include activities to protect tenant needs during construction as well as commissioning.

155. Deed-Restriction, for the purposes of the Energy Savings Assistance (ESA) program, will be defined consistent with Decision 17-12-009, which provides: "Eligible properties must meet the partial definition of deed-restricted in California Public Utilities Code Section 2852(a)(A) further modified here. For this ESA program multi-family effort, a property must be a multi-family residential complex financed with low income housing tax credits, tax-exempt

mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants.”

156. Multifamily, for the purposes of the Energy Savings Assistance program, will be defined as having five or more units, and that each unit must be combined (sharing a wall or floor/ceiling) with at least one other unit, since often in California there are low-rise apartments which may not have all five units connected.

157. Pacific Gas and Electric Company’s Northern multifamily whole building program must carry forward the lessons learned from Marin Clean Energy’s Low Income Families and Tenants pilot.

158. Marin Clean Energy’s Low Income Families and Tenants (LIFT) pilot will be extended until December 31, 2023, with the following requirements and guidance:

- Funding for the LIFT pilot will be extended through 2023 at an annual budget of \$1.3M or \$3.25M total. As in D.17-12-009, Pacific Gas and Electric Company shall collect and transfer these funds to Marin Clean Energy.
- Revised eligibility rules approved in this decision will apply to this pilot as relevant.
- Marin Clean Energy must submit a Tier 1 advice letter no later than 6 months following this approval of this decision to update the LIFT pilot design, measure offerings (optional), and treatment and energy savings goals in light of the additional time and funding provided. The advice letter must also include an updated program manual and new evaluation plan. All fuel substitution measures must pass the latest Commission Fuel Substitution Test.
- Marin Clean Energy must modify the plan to pursue program leveraging to reduce heat pump costs, promote efficiency and demand response technologies, allow customer choice of

contractors, give tenant education on heat pump operation, and contractor education on heat pump installations.

- Marin Clean Energy's new evaluation plan must consider re-assessing current cycle LIFT phase one participants to understand energy and bill savings persistence, tenant turn-over, treated household income changes, and contractor education barriers.
- Marin Clean Energy must continue to provide monthly reports with an interim progress report due May 1, 2022, and a final report due May 1, 2024 (per the reporting template to be developed and issued by Energy Division staff).
- The LIFT pilot must end on December 31, 2023, with all unspent and uncommitted funds being returned to ratepayers through Pacific Gas and Electric Company's next annual true-up advice letter in 2024.

159. Marin Clean Energy and Pacific Gas and Electric Company must have an agreement to coordinate on multifamily efforts.

160. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) must adopt an approach to defining an overall statewide study budget along with a study roadmap process to scope forthcoming study proposals and associated budgets to be included in the annual Energy Savings Assistance (ESA)/California Alternate Rates for Energy (CARE)/ Family Electric Rate Assistance reports. With this approach, statewide budgets will be proposed for study categories, not specific studies, and therefore specific budgets for each specific study will be designated as they are scoped. The Utilities must work with the ESA/ CARE Study Working Group to finalize the project scope and timing of each study and must continue to manage the projects using the traditional IOU funding split (PG&E, 30 percent; SCE, 30

percent; SoCalGas, 25 percent; SDG&E 15 percent) with an assigned lead utility for each project.

161. Pacific Gas and Electric Company's (PG&E) Long-Term California Alternate Rates for Energy (CARE) Customer Research plan is approved to be funded through its existing authorized Energy Savings Assistance program marketing and outreach budget, with the revision that CARE customers will not receive messaging that their discounts are in jeopardy. PG&E must also produce a final report to be appended to its CARE annual report in the year following the conclusion of this research.

162. Pacific Gas and Electric Company's Virtual Energy Coach pilot is approved, with additional reporting per the reporting template to be developed and issued by Energy Division staff, and a requirement to coordinate the pilot evaluation with the Energy Savings Assistance/California Alternate Rates for Energy Study Working Group.

163. Southern California Edison Company's (SCE) Building Electrification (BE) pilot is approved with goals and a budget not to exceed \$40.8 million, and the option to revisit the pilot through the mid-cycle process. SCE must also i) ensure that the fuel substitution/electrification measures in this pilot pass the latest Commission Fuel Substitution Test, ii) utilize the measure update process described in this decision, iii) report on the pilot's progress through the Energy Savings Assistance monthly and annual reports (per the reporting template to be developed and issued by Energy Division staff), and iv) utilize Resolution E-5043's Appendix B 'Split Incentives Agreement' that requires owners to agree for five years to eviction limits and a fixed cap on annual rent increases at 3.6 percent to protect participating renters from significant rent increases or displacement post-treatment. SCE must adjust the required signing parties to

their BE pilot ‘Split Incentives Agreement’ to include the property owner, tenant, and either their implementer or the utility.

164. Southern California Edison Company’s (SCE) Clean Energy Homes pilot is approved at a budget not to exceed \$10.5 million. SCE must i) coordinate with the California Energy Commission’s (CEC) forthcoming Building Initiative for Low Emissions Development to increase customer opportunities and avoid duplication, ii) implement the Clean Energy Homes pilot program in geographic areas not served by the other Utilities, including but not limited to Long Beach, Vernon, Catalina Island, and portions of Inyo and Mono counties, or for properties or buildings that do not meet the Building Initiative for Low Emissions Development program’s low income/disadvantaged communities definition, or for other properties or buildings that do not meet the Building Initiative for Low Emissions Development program’s requirements, iii) file a Tier 1 advice letter by December 31, 2021, after coordinating with the CEC, with an updated budget not to exceed \$10.5 million, and implementation details based on the geographic and eligibility limitations, and iv) coordinate with the Energy Savings Assistance/ California Alternate Rates for Energy Study Working Group to finalize the proposed study scope prior to filing the advice letter.

165. Southern California Edison Company’s Telemarketing “Nurture” pilot is approved at \$127,308 for program years 2021-2026, with additional reporting (per the reporting template to be developed and issued by Energy Division staff).

166. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Energy Savings Assistance (ESA) impact evaluations are approved with a statewide budget of \$1,500,000 utilizing the traditional Utility funding split. The specific studies’ scope will be deferred to the ESA/ California

Alternate Rates for Energy Study Working Group and must include evaluation of the multifamily whole building programs.

167. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Low Income Needs Assessment (LINA) study budgets are approved for the 2025 and 2028 LINA studies not to exceed \$500,000 each, utilizing the traditional Utility funding split and allocated evenly between the California Alternate Rates for Energy and Energy Savings Assistance budgets. The 2025 LINA must be scoped and solicited by the end of 2023, and the 2028 LINA must be scoped and solicited by the end of 2026. The authorized and committed budget for the 2028 LINA study may be carried forward into the next program cycle, if needed.

168. The 2025 and 2028 Low Income Needs Assessment (LINA) studies must implement survey tools that are available in at least the top three non-English languages identified as the primary language spoken in California's low income households. The Utilities may refer to the latest LINA data as the source for the top three non-English languages, or another reliable source that has since updated these results.

169. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Energy Savings Assistance (ESA) process evaluations are approved with a statewide budget not to exceed \$500,000 utilizing the traditional Utility funding split. The specific evaluations' scope will be deferred to the ESA/California Alternate Rates for Energy Study Working Group and must include evaluation of all the programs within the ESA portfolio, including but not limited to the multifamily whole building programs, and the customer-centered

program design. The Pilot Plus and Pilot Deep program evaluations shall come from the Pilot budget.

170. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Categorical Eligibility study is approved with modifications at a budget of \$150,000 utilizing the traditional Utility funding split to be split evenly between the Energy Savings Assistance and California Alternate Rates for Energy (CARE) budgets. The Utilities must i) submit the completed study to Energy Division and distribute it over relevant service lists by no later than December 31, 2022, ii) incorporate public input on the study and implement specific stakeholder engagement process as detailed in this decision, iii) include in the study scope consideration of whether any categorical programs would be good candidates for potential data sharing opportunities between the Utilities and state and federal agencies as it applies to providing a pathway for automatic enrollment in CARE or the Family Electric Rate Assistance programs, and any budgetary and data security barriers and solutions that would accompany this type of automatic enrollment service.

171. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must file a joint Tier 2 advice letter 60 days after the completion of the Categorical Eligibility study, proposing an updated list of categorical programs for enrollment in the Energy Savings Assistance (ESA), California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. The advice letter must discuss i) how the findings of the recent Categorical Eligibility study informed the Utilities' recommendations, ii) feedback received from stakeholders during the study and how it was taken into consideration,

iii) budgetary impacts the proposed changes to the categorical eligibility categories would have on the ESA, CARE and FERA programs, iv) the implementation plan for incorporating any changes in categorical eligibility into these programs, and v) the communication plan to customers, partnering community based organizations and other agencies supporting marketing, education and outreach and program enrollment efforts, as well as programs impacted by these changes.

172. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Non-Energy Benefits (NEBs) study is approved at \$500,000 utilizing the traditional Utility funding split. The study scope will be deferred to the Energy Savings Assistance (ESA) Working Group or the ESA/ California Alternate Rates for Energy Study Working Group, must consider inclusion of common area measure NEBs, and must be completed by no later than June 30, 2025, with results being incorporated into the latest version of the NEBs model and all subsequent ESACET calculations by the Utilities.

173. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's Evolving Study and Data Needs budget is approved at \$1.2 million.

174. Southern California Gas Company's customer feedback study is approved at \$35,000. The study findings related to customer segmentation data collection and coordination opportunities will be used to inform future goal setting and program design, and the final report must include a discussion of the outreach or focus group efforts that were performed to inform the design of the new tactics, and any information collected to reflect baseline of current day tactics, against which to compare customer's perspective/success of new tactics.

175. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must continue to address actions that improve local air quality, benefit public health, increase climate resiliency and provide economic benefits within Environmental and Social Justice communities.

176. The Energy Savings Assistance (ESA)/California Alternate Rates for Energy (CARE) *Study* Working Group will be formed to provide a collaborative, stakeholder-inclusive and consensus-based process towards managing the Utilities' non-statutory ESA and CARE studies during the program cycle. The ESA/CARE *Study* Working Group must perform and deliver on the tasks as detailed in this decision.

177. The Energy Savings Assistance (ESA) Working Group will be formed to provide a collaborative, stakeholder-inclusive and consensus based process towards managing the Utilities' low income programs during the program cycle. The ESA Working Group must perform and deliver on the tasks as detailed in this decision.

178. All working group membership must comprise the Utilities' representatives, Energy Division staff, and no more than two representatives from each segment of the following interest groups: contractors, community based organizations, the Public Advocates Office, consumer protection/advocates, and other interest groups (as applicable to the subject). Representatives must have expertise in the issues relating to the working group's purpose and tasks and are expected to contribute significantly to the progress and resolution of the tasks; those that do not may be removed or replaced. Working group representatives may be different individuals, based on the subject matter and level of expertise. However, the working group must adhere

to the number of allowed representatives from each party/segment to ensure that the size of the group is manageable for the deliverables expected.

179. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must submit a joint mid-cycle progress report, in consultation with the Energy Savings Assistance working group, to the Commission and the service list of this proceeding or a successor proceeding by December 31, 2023. At a minimum, the progress report must discuss 1) whether the energy savings goals set in this decision are aligned with the Potential & Goals study results, why or why not, 2) whether the Utilities are on track to meet the goals and targets set in this decision, why or why not, 3) whether any of the goals or targets set in this decision need to be updated in light of the data and new information collected during the first half of the program cycle, why or why not, 4) best practices under the new designs, 5) status of the Pilot Plus and Pilot Deep program, and 6) state of the ESA program's cost effectiveness level under the new guidance thresholds. Any updates being suggested by the Utilities in the report must be reviewed by the ESA Working Group, supported by the data collected, and clearly justified. If such updates require lowering the program goals, or increasing the approved budgets, then the Utilities must file a petition for modification. Otherwise, all other proposed updates must be filed via a Tier 2 advice letter.

180. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall comply with all Commission ordered audits of the low income programs.

181. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must comply with the following fund shifting rules:

- Fund shifting of any amount between budget categories and between electric and gas budgets is allowed within the program year, with reporting of any shifts in the annual reports (no need for monthly reporting, and no need for advice letters unless otherwise noted below).
 - This applies to the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) administrative budgets (not subsidy budgets), and the total Energy Savings Assistance (ESA) program budget (including administrative budgets).
- Any fund shifting must comply with the existing cap on ESA administrative costs (currently set at no more than 10 percent of total program costs, or the Utilities' historical five-year average spend on administrative costs as a percentage of total program costs, whichever is greater), and any other caps established in this decision (minor home repairs, etc.) or future decisions, unless otherwise noted.
- Fund shifting in and out of the multifamily whole building (MFWB) programs, and pilots (including the Pilot Plus and Pilot Deep program), must be requested via a Tier 2 advice letter.
- Fund shifting is not allowed between program years; any remaining uncommitted and unspent funds at the end of a program year must be used to offset the next year's collection.
 - An exception to this rule is granted for the MFWB programs, pilots (including the Pilot Plus and Pilot Deep program), and studies (where funds may be rolled over to the next program year or borrowed from a future program year within the cycle, to allow for flexibility in scheduling changes with these efforts).
- Fund shifting activities must also be reported to the Low Income Oversight Board (LIOB) via quarterly LIOB reports.

182. Pacific Gas and Electric Company's proposal to assign 53 percent of the Energy Savings Assistance program expenses to electric customers and 47 percent to gas customers, and its current method for allocating California Alternate Rates for Energy (CARE) expenses between gas and electric customers, which assigns 80 percent of the CARE program expenses to electric customers and 20 percent to gas customers is approved.

183. The Low Income Oversight Board member term for Utility representatives will be two years.

184. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must file monthly Family Electric Rate Assistance reports (per the reporting template to be developed and issued by Energy Division staff).

185. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must combine the Family Electric Rate Assistance monthly and annual report with the Energy Savings Assistance and California Alternate Rates for Energy monthly and annual reports, with the first combined annual reporting beginning with the 2022 annual report.

186. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must incorporate the low income program reporting into a single online data management and visualization dashboard that would allow for utility-specific annual historical Energy Savings Assistance (ESA), California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) data to be referenced. This online data management system will be updated on

an annual basis beginning no later than December 31, 2023 and allow users to access at least 10 years of historical ESA, CARE and FERA data.

187. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must file a joint Tier 2 advice letter by no later than 120 days after the approval of this decision detailing each Utility's respective plan for this online data management and visualization dashboard. The Tier 2 advice letter must contain the information as detailed in this decision.

188. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must each continue to issue its monthly and annual Energy Savings Assistance (ESA), California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) reports in PDF and spreadsheet format and send it to the service lists of the appropriate proceedings during and after construction of the online data management and visualization dashboard. If the Utilities or Energy Division determines that the online data management and visualization dashboard could replace the need for spreadsheets and PDF reports, the Utilities must file a Tier 2 advice letter requesting that the annual data reporting medium and process for the ESA, CARE and FERA programs be updated to reflect this change.

189. The Annual California Alternate Rates for Energy Eligibility Report filing date is extended to February 12 of each year for the current year.

190. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's leveraging plans and activities with water agencies are approved. The Utilities must continue these relationships, particularly if new water-related

measures and technologies can be added to the Energy Savings Assistance program given the new measure flexibility rules adopted in this decision and conduct no-cost / low-cost campaigns to include information about low income water programs in their existing marketing, education, and outreach efforts.

191. The definition of “Tribal communities,” for the purposes of the Energy Savings Assistance program, will be consistent with the Commission’s Tribal Consultation Policy, where the terms “tribes” and “Tribal governments” refer to elected officials and other representatives of federally-recognized Tribes and other California Native Americans.

192. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must continue outreach to Tribes located in California and Utility service territories, with or without federal recognition. The Utilities’ must adhere to any consultation or outreach requirements as part of the Commission’s Tribal Consultation Policy and must contact each tribe and/or conduct individual meetings with Tribes in their territory at least once every 6 months.

193. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must strive to maintain at least two Tribal contacts for each Tribe and consider a public facing system where Tribal contact information is available to all Tribal members and the public statewide.

194. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must offer mini-grants to those point persons at the Tribe maintaining regular communications with the Utilities and assisting in outreach for Energy Savings Assistance and California Alternate Rates for Energy programs. The

Utilities have flexibility in determining the specific outreach and appropriate grant level, with the grants to be funded through each Utility's respective existing marketing, education and outreach budgets approved in this decision.

195. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must work with Tribal communities to encourage participation in the California Alternate Rates for Energy and Family Electric Rate Assistance capitation programs.

196. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must each report on its Tribal outreach efforts in the monthly and annual reports (per the reporting template to be developed and issued by Energy Division staff), as well as during the quarterly Low Income Oversight Board and subcommittee meetings.

197. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must comply with all guidance and directives set forth in Attachments 1-7.

198. All other requests not specifically approved in this decision are hereby denied.

199. All outstanding motions are hereby denied.

200. Applications (A.) 19-11-003, A.19-11-004, A. 19-11-005, A.19-11-006 and A.19-11-007 are closed.

This order is effective today.

Dated _____, at San Francisco, California.