

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

Order Instituting Rulemaking to  
Establish Policies, Processes, and Rules  
to Ensure Reliable Electric Service in  
California in the Event of an Extreme  
Weather Event in 2021.

Rulemaking 20-11-003  
(Filed November 2020)

**PREPARED SUPPLEMENTAL TESTIMONY OF WILLIAM POWERS ON BEHALF  
OF THE PROTECT OUR COMMUNITIES FOUNDATION RESPONDING TO THE  
SUPPLEMENTAL TESTIMONY OF THE CALIFORNIA ENVIRONMENTAL  
JUSTICE COALITION IN R.20-11-003**

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The California Environmental Justice Alliance (“CEJA”) submitted supplemental testimony on the Order Instituting Rulemaking to Establish Policies, Processes, and Rules to Ensure Reliable Electric Service in California in the Event of an Extreme Weather Event in 2021, proceeding R.20-11-003. This testimony responds to Administrative Law Judge Stevens’ ruling on June 14, 2021, and to the California Environmental Justice Coalition’s (CEJA) Just Flex Rewards Program proposal described in the January 11, 2021 opening testimony and the July 7, 2021 supplemental testimony of CEJA witness Dan Sakaguchi, and is timely served pursuant to that Ruling. My resume and qualifications were included in my opening testimony in this proceeding, filed on January 11, 2021.<sup>1</sup>

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<sup>1</sup> R.20-11-003, PCF-1, Prepared Opening Testimony of Bill Powers, P.E. on Behalf of the Protect Our Communities Foundation (January 11, 2021) (“Opening Testimony of Bill Powers”), Exhibit A, and PCF-3, Prepared Reply Testimony of Bill Powers, P.E. on Behalf of the Protect Our Communities Foundation (January 19, 2021) (“Reply Testimony of Bill Powers”).

**I. THE CEJA JUST FLEX REWARDS PROGRAM SHOULD BE SUPPORTED BY IOU RESIDENTIAL TARIFFED ON-BILL FINANCING PROGRAMS TO MAXIMUM PARTICIPATION.**

CEJA’s Just Flex Rewards Program proposal, to engage low-income and disadvantaged community households and enable them to be part of the solution when the Emergency Load Reduction Program is activated, reflects a well-reasoned and appropriate program that the Commission should incorporate into its demand response (DER) program structure. As I have detailed in my comments in related Commission proceedings, participation of low- to middle-income (LMI) customers in CEJA’s proposed Just Flex Rewards Program can be maximized by mandating that the IOUs offer a tariffed on-bill (TOB) financing program for load reduction technology upgrades. A TOB finance program would assure that LMI customers and renters have equal access to load reduction technologies that can increase the average power reduction per customer and thereby maximize emergency load reductions.<sup>2</sup>

TOB financing is already offered in California. BayREN is administering an OBF “tied to the meter” financing program, otherwise known as TOB, for water efficiency measures in the Bay Area.<sup>3</sup> TOB financing is also available to Hawaii IOU residential customers.<sup>4</sup> Under TOB the meter is billed, not the customer behind the meter. I have also introduced this equity financing tool as an option for the Commission to consider in the Commission’s R.20-08-022 clean energy financing proceeding.<sup>5</sup> Lending complexities that arise around individual customer

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<sup>2</sup> CPUC R.20-08-022, *The Protect Our Communities Foundation’s Opening Comments to Assigned Commissioner’s Ruling Seeking Party Feedback on Track 1 Issues Related to California Hub for Energy Efficiency Financing Programs* (Apr. 16, 2021), p. 2.

<sup>3</sup> R.20-08-022, Clean Energy Finance Workshop - Day 2, January 28, 2021, pp. 34-46.

<sup>4</sup> *Ibid*, pp. 52-58.

<sup>5</sup> CPUC R.20-08-022, *The Protect Our Communities Foundation’s Opening Comments to Assigned Commissioner’s Ruling Seeking Party Feedback on Track 1 Issues Related to California Hub for Energy Efficiency Financing Programs* (Apr. 16, 2021).

credit scores, income level, and owner/renter status become moot when repayment is tied to the meter as it is with TOB.

## **II. THE COMMISSION HAS URGED THE IOUs TO ESTABLISH RESIDENTIAL ON-BILL FINANCING FOR YEARS WITHOUT SUCCESS AND SHOULD ORDER IMPLEMENTATION OF EXPANDED OBF PROGRAMS, LIKE CEJA’S AND OTHERS.**

Currently the IOUs offer very limited OBF programs, restricted to commercial customer energy efficiency upgrades. These OBF programs do not cover residential customers, renters, solar, or battery storage. The Commission authorized the utilities to modify or expand their OBF programs through a simple advice letter process in 2019.<sup>6</sup> This same 2019 decision recognized the need to consider opening IOU OBF programs to private capital in order to expand the programs.<sup>7</sup> The Commission and the IOUs have been aware of the desirability of including residential customers in the utility OBF programs for over a decade,<sup>8</sup> though to date no residential OBF programs have been implemented by the IOUs.

## **III. THE PROPOSED TOB FINANCING ENHANCEMENT TO CEJA’S JUST FLEX REWARDS PROGRAM SHOULD BE OPEN TO ALL BEHIND-THE-METER LOAD REDUCTION TECHNOLOGIES, INCLUDING SOLAR AND BATTERY STORAGE**

The proposed TOB financing to support CEJA’s *Just Flex Rewards Program* should be open to net-metered (NEM) solar and battery storage as well as load reduction technologies. The

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<sup>6</sup> D.19-03-001, *Decision Granting Petition for Modification of Decision 09-09-047 Concerning On-Bill Financing* (Mar. 14, 2019), Attachment A, p. 3 (“II. New Ordering Paragraph: Decision 09-09-047 is further modified to add Ordering Paragraph 61, as follows: 61. PG&E, SCE, SDG&E, and SoCalGas may each file a Tier 2 advice letter for Commission review and approval of proposed program changes . . .”).

<sup>7</sup> *Ibid*, p. 17 (Finding of Fact 10: “NRDC has raised valid issues in its filed comments regarding how to enable the investor-owned utilities to manage their on-bill financing loan programs so that private capital is deployed, thereby enabling more loans and more energy-saving projects.”).

<sup>8</sup> D.09-09-047, *Decision Approving 2010 to 2012 Energy Efficiency Portfolios and Budgets* (Sept. 24, 2009), p. 274 (“The (EE) Strategic Plan adopted in D.08-09-040 identified the need for financing solutions in both the residential and commercial sectors,” and p. 278, “SDG&E reports it is investigating partnering with a financial institution to more directly offer residential retrofit financing, allowing the lending partner to absorb any risk and transaction costs. . .”).

IOUs in the Commission’s NEM 3.0 proceeding (R.20-08-020), acting jointly, are moving aggressively to undermine the value of NEM solar in the name of LMI customers. The IOUs are using an equity rationale to justify devaluing NEM solar:<sup>9</sup>

- Further, Black people pay more for energy than white people.
- The average NEM bill impact on CARE households — of ~\$150/year in SDG&E’s service territory, ~\$110/year in PG&E’s service area and ~\$75/year in SCE’s service territory — is a regressive means to subsidize the choices of other, more wealthy households.
- NEM subsidies are “disproportionately paid by younger, less wealthy, and more disadvantaged ratepayers, many of whom are renters”.

The IOUs’ arguments ignore the fact that more than 150,000 current NEM customers are low income customers.<sup>10</sup> Making NEM solar less financially accessible to all customers, including LMI customers, as the IOUs propose in R.20-08-020, is not a pathway to equity. TOB financing for load reduction technologies and NEM solar and battery storage is the best possible pathway to enable LMI customers to fully participate in reducing peak loads under high demand grid conditions.

#### IV. CONCLUSION

CEJA’s Just Flex Rewards Program should be adopted but should also be supported by IOU TOB financing programs intended to maximize the participation of LMI customers when the Emergency Load Reduction Program is activated.

Respectfully submitted,

/s/ Bill Powers, P.E

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<sup>9</sup> R.20-08-020, Joint IOUs Opening Testimony, June 18, 2021, p. 49, p. 51, and p. 82.

<sup>10</sup> R.20-08-020, *Proposal of Grid Alternatives, Vote Solar, And Sierra Club for a Net Energy Metering Successor Tariff*, March 15, 2021, Table IV: Residential NEM Accounts Serving CARE/FERA Customers by IOU, p. 19. “Number of residential NEM accounts who are on a CARE rate = 154,967.”

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