



RISING SUN ENERGY CENTER

2998 San Pablo Avenue, Berkeley, CA 94702 | www.risingsunenergy.org | Tel: 510.665.1501 | Fax: 510.665.1502

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East Bay Community Energy: Local Development Business Plan
LDBPcomments@ebce.org

Comments of Rising Sun Energy Center on the Energy Efficiency Assessment Draft Chapter

Background

Rising Sun Energy Center is a nonprofit workforce development organization serving Bay Area and San Joaquin County residents, with a focus on low-income, disadvantaged, and hard-to-reach communities. Rising Sun's California Youth Energy Services (CYES) program has provided residential direct install services via PG&E's local government partnerships since 2006, and currently serves five Energy Watch Partnerships, including the East Bay Energy Watch (see page 11 of the Draft Chapter). Rising Sun has also worked closely with MCE Clean Energy on residential energy efficiency programming, and has been following the development of EBCE, whose mission aligns closely with Rising Sun's dual environmental-economic mission.

Comments

Rising Sun appreciates the thought and analysis that went into preparing the Draft Chapter, particularly EBCE's commitment to serving hard-to-reach customers and to "delivering maximum benefits to the local community" that include competitive/stable retail rates, cleaner energy portfolios, and economic benefits such as workforce development.

Rising Sun agrees with EBCE's focus on energy efficiency (EE) opportunities, particularly in the Residential, Residential CARE, and Small/Medium Business rate categories. We also echo the Draft Chapter's comments regarding the limitations of the Total Resources Cost (TRC) test and support the recommended phased approach for EBCE's EE programs. Finally, we appreciate EBCE's acknowledgement of and sensitivity to existing programs – customer and marketplace confusion is a challenge and a risk that requires thoughtful mitigation.

Given EBCE's "public service-oriented mission and strong commitments to social justice and cost-savings for disadvantaged customers and communities", Rising Sun encourages EBCE to view direct-install EE programs as more than just a possible "supplemental" option to Pay-for-Performance (P4P) EE procurement. While it is true that Rising Sun has some organizational interest in direct-install EE programming, that interest is for the benefit of the communities we serve, and it is with those communities in mind that we raise the following issues for consideration:

- In the P4P model, financial risk is shifted from the utility onto the EE service provider, as payment may only be realized if energy savings are achieved. Actual performance of measures, particularly behavioral, can be highly uncertain, resulting in cost outlays without guarantee of payment. This risk discourages smaller, community-based firms or nonprofit organizations (and even larger, for-profit firms), particularly those located in disadvantaged communities, from bidding on opportunities. This may mean that contracts continue to be awarded to large, for-profit firms that already win the majority of IOU and CCA solicitations.
- Many residential EE service providers have acknowledged that P4P is ill-suited for the hard-to-reach market. Due to the financial and cash flow risks described above, service providers are incentivized to go after the most accessible markets to realize savings. The markets that are hard-to-reach may continue to be left out of EE programming if P4P is the sole EE resource.
- Given that EBCE territory includes several communities “that suffer from extreme poverty”, and that “the highest concentrations of poverty tend to be in the areas of highest energy consumption”, the accessibility and cost to low-to-moderate income customers of P4P programming as compared to low- or no-cost services should be evaluated.
- Rising Sun’s experience installing tens of thousands of EE measures in over 4,000 homes each year tells us that there continues to be demand among residents for direct-install services, particularly in the hard-to-reach market.
- While it is true that some direct install programs have experienced challenges with realizing anticipated savings, this has been true for EE programs in general. Some of these challenges are also tied to continuous changes to statewide deemed savings calculations and shifting regulatory realities, rather than an actual lack of realized savings. The benefit of an approach that includes direct install is the certainty it offers: the physical, observed replacement of a 60W bulb with a 10W bulb, for example, guarantees immediate and measurable kWh savings.

The challenges listed above may be exacerbated by the fact that PG&E is also shifting away from direct install and towards P4P, leaving a gap in the market. In addition, the current Governor’s Budget has zeroed out funding for the Low-Income Weatherization Program, meaning that fewer EE resources may be available to low-income residents.

In general, Rising Sun recommends that the EBCE LDBP plan team refer to the California Energy Commission’s *SB 350 Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities* and its recommendations as further guidance in this process.

Lastly, Rising Sun would be remiss if we did not recommend, for whatever EE program model(s) are pursued, that EBCE work to ensure that green jobs are quality jobs. “For clean energy to truly benefit low-income communities, it must be accompanied by job training, job placement,

and career pathways for low-income residents”¹. Rising Sun recommends that companies and organizations receiving EBCE funding set local hire goals to employ individuals from low-income communities, and that workforce standards be part of the requirements – including wage floors with benefits, with exceptions for participants in training programs, internships, or other on-the-job training and learning opportunities. EBCE’s community impact will be more significant when their programs promote quality, family-sustaining jobs and careers with advancement opportunities and wages that can raise individuals out of poverty. For more on this topic, we refer the EBCE LDBP plan team to the *SB 350 Clean Energy Jobs & Economic Opportunities Comments and Recommendations* submitted by the Greenlining Institute and the Asian Pacific Environmental Network on behalf of a variety of expert stakeholders.

P4P is a valuable energy efficiency resource and should be pursued and implemented. However, EBCE should ensure that the P4P model reflects its values and mission, and combine its P4P model with EE services, whatever those may be, that help those residents most in need and hardest to reach.

Rising Sun again thanks EBCE for its commitment to benefitting our shared community, for the recommendations proposed, and for the opportunity to comment and engage in this process.

Sincerely,

/s/ Jodi Pincus
Executive Director
Rising Sun Energy Center

/s/ Julia Hatton
Director of Programs
Rising Sun Energy Center

About Rising Sun Energy Center

Rising Sun is a nonprofit workforce development organization operating since 1994 that provides green training and employment opportunities to youth and low-income adults, and that offers free residential energy efficiency and water conservation assessments, installations, and education to renters and homeowners in six Bay Area and Central Valley counties. Rising Sun runs two primary programs: California Youth Energy Services (CYES), which employs local youth to provide residential direct install services to thousands of homes each year, and Green Energy Training Services (GETS), a pre-apprenticeship training, case management, and job placement program that prepares low-income adults who experience barriers to employment for careers in construction, solar, and the building trades.

¹ *Brightline Defense Comments on SB 350 Barriers Study Proposed Scope, Docket Number 16-OIR-02, TN# 211909*