



RISING SUN ENERGY CENTER

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East Bay Community Energy: Local Development Business Plan
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Comments of Rising Sun on the EBCE Draft Local Development Business Plan (Draft Plan) 2018

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. 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.

General Comments

As with previous documents developed for the LDBP, Rising Sun appreciates the thought and analysis that went into preparing Draft Plan, particularly EBCE's commitment to serving hard-to-reach customers and to maximizing community benefits that include competitive/stable retail rates, cleaner energy portfolios, and economic opportunities such as workforce development. Rising Sun supports the creation of a Community Investment Fund and appreciates the acknowledgement of its Apprenticeship Readiness Program in workforce section of the Draft Plan. In addition, Rising Sun supports the recommendations and feedback of the East Bay Clean Power Alliance, particularly the comments involving workforce development, equity, and wages.

We offer one correction: the Building Trades' Multi-Craft Core Curriculum is abbreviated as MC3, not as "M3C" (p. 60 of the Draft Plan).

Our more detailed feedback focuses on the following topics:

1. **Energy Efficiency Landscape:** Given the changing energy efficiency landscape in California as a result of the Energy Efficiency Rolling Portfolio and associated CPUC proceedings, EBCE may have an opportunity to fill a gap in energy efficiency programs that did not exist when the initial landscape analysis was performed

2. **Energy Efficiency and Pay for Performance:** Rising Sun recommends energy efficiency program models beyond just pay-for-performance, to ensure that nonprofits and CBOs can have a role in providing services to EBCE customers, particularly customers who are harder to reach and serve
3. **Workforce Development:** Rising Sun recommends that EBCE work to ensure that green jobs are quality jobs, made accessible to low-income and disadvantaged workers

Energy Efficiency Landscape

We appreciate EBCE's acknowledgement of and sensitivity to existing energy efficiency (EE) programs – customer and marketplace confusion is a challenge and a risk that requires thoughtful mitigation. However, since the LDBP Draft Chapter on Energy Efficiency was issued for public comment in January of this year, regulatory and programmatic changes have been made – and continue to be made – to California's energy efficiency programs. These changes include:

1. *Local Government Partnerships (LGPs), such as the East Bay Energy Watch, will no longer have oversight of and input into residential and commercial EE programs in their jurisdiction. LGPs will focus on public sector programs and projects, while existing residential and commercial programs are dissolved and then put out for solicitation to third party implementers. This is true for Rising Sun's California Youth Energy Services program, for example, which may no longer be available in 2019 after 19 years of serving the East Bay. It's unclear what types of EE programs will be available to East Bay customers, which customers they will serve and target, and when those programs will begin.*
2. *The CPUC has redefined what it means by "hard-to-reach" customers, significantly narrowing the definition. It excludes most East Bay residents and small businesses, regardless of how difficult they may be to reach with energy efficiency programs and regardless of their need. Because this definition drives incentives and cost-effectiveness calculations, it impacts what other Program Administrators (PAs), like PG&E and BayREN, can provide to customers, particularly those who are costlier to serve, yet who pay for, need, and deserve services. BayREN is now required by this definition to serve a much narrower set of customers, stranding customers who were already not included in mainstream utility EE programs.*

In short, the EE landscape is shifting from a "robust environment of energy efficiency...service providers" to one that may only serve those who have the resources and access to participate in EE programs. Renters, multifamily residents, low-to-moderate income households (the missing middle, seniors, individuals with disabilities, individuals with limited mobility, individuals with low educational attainment, and non-native English speakers will be left out.

EBCE has an opportunity to fill this gap, and to be a leader in providing equitable access to and delivery of programs to underserved customer segments that include, but are not limited to, low-income and disadvantaged customers. Rising Sun is happy to provide more information and data on this important topic; the *SB 350 Low-Income Barriers Study* and the SB 350 Disadvantaged Communities Advisory Group are both useful resources as well.

Energy Efficiency and Pay for Performance

Given EBCE's "public service-oriented mission and strong commitments to social justice and cost-savings for disadvantaged customers and communities" and the verbal and written comments Rising Sun has made on this topic, we are disappointed to see the seemingly exclusive emphasis in this draft plan on Pay for Performance (P4P) models for energy efficiency programs. There are other proven, successful models (including, but not limited to, direct install) available that deliver energy savings and other community benefits to customers.

P4P is seen as a highly cost-effective way of ensuring that EE funds are used responsibly: implementers are only paid for savings that show up at the meter. Workpapers are problematic, and meter-based savings offer one solution to that. We agree that P4P, though untested, has the potential to serve as a valuable energy efficiency resource and should be pursued and implemented. However, meter-based energy savings are not the only measure of successful program performance, and P4P is not appropriate for all programs, for the following reasons:

1. The P4P model excludes the ability to capture and incentivize the multiple community and societal benefits associated with EE programs that don't show up at the meter, including workforce development, health, safety, comfort, GHG reduction, and more. Because these benefits don't generate meter savings, they appear only as costs, which most P4P models have no mechanism to cover.
2. In a P4P model based only on energy savings, financial risk is shifted from the utility onto the EE implementer, as full payment only occurs if 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, newer, community-based firms or nonprofit organizations (and even the larger, for-profit firms), particularly those located in disadvantaged communities, from bidding on opportunities. P4P favors large, for-profit companies that already win most EE solicitations.
3. Residential EE service providers, including large firms, acknowledge 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 achieve savings. Hard-to-reach ratepayers will therefore continue to be left out of EE programming if P4P is the sole EE resource.

4. While it is true that some deemed direct-install programs have failed to fully achieve anticipated savings, this has been true for EE programs in general. Some of these challenges are tied to continuous changes to statewide deemed savings calculations and shifting regulatory realities, rather than an actual lack of savings. The benefit of an approach that includes direct install is the certainty it offers: the early retirement of a 60W bulb and its direct replacement with a 10W bulb before, for example, guarantees immediate and measurable kWh savings. In hard-to-reach communities, it also ensures the delivery of immediate value to the ratepayer and provides essential services to those who could not otherwise afford them. In addition, direct install programs provide a low-cost on-ramp to deeper savings opportunities. While SB 350 is often referenced as justification for P4P programming, it's worth noting that the *SB 350 Low-Income Barriers Study, Part A* does not recommend P4P models, but does discuss the opportunity that direct install continues to represent for low-income and small-to-medium business customers.

As P4P programming gains in popularity and codes change, measures are already being eliminated from other EE programs (for example: screw-in LEDs, starting in 2019). All of this leads to a major gap in the EE market that disproportionately impacts underserved, hard-to-reach ratepayers.

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 the EE programs, whatever those may be, that best serve customers who are most in need and hardest to reach.

Workforce Development

We support the goals laid out in the Draft Plan. We also echo the comments of the East Bay Clean Power Alliance around adding specific performance metrics for workforce development and job creation. Green jobs must be quality jobs, and measurement is crucial. EBCE's community impact will be most significant when its programs promote quality, family-sustaining jobs and careers with training and advancement opportunities, as well as wages and benefits that can raise individuals out of poverty.

Regarding the last bullet of the fourth goal in the Workforce Development section: hands-on, field-based experience in industries such as solar can be a valuable resource for entry-level job-seekers and disadvantaged workers who might not otherwise have access to that training. Rather than "displacing paid employees" (p. 60), these programs have been recognized by CBOs, advocacy groups, and industry for effective job training and job placement.

For more on the broader topic of workforce development in the clean economy, we respectfully refer EBCE 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.

Conclusion

Rising Sun 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 Strategy Development and Policy
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 offers two primary programs: California Youth Energy Services (CYES) trains and employs local young adults to provide free energy efficiency and water conservation services to residents of their communities, launching the green careers of hundreds of youth. Green Energy Training Services (GETS) provides job training, case management, and job placement services to low-income adults experiencing barriers to employment. GETS offers two training modules: Core, which is a certified Apprenticeship Readiness Program for individuals who want to enter the union building trades, and Solar, for those seeking a solar career.