



October 5, 2018

Ms. Adenike Adeyeye
Advisor to Commissioner Guzman Aceves
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Rising Sun Comments on the California Public Utilities Commission's Environmental and Social Justice Action Plan

Dear Ms. Adeyeye,

Rising Sun appreciates the opportunity to submit comments on the CPUC's draft Environmental and Social Justice (EJSJ) Action Plan.

While the Action Plan still is in its draft state and is in the process of being vetted, Rising Sun applauds the CPUC for its commitment to EJSJ communities and for formalizing that commitment through a plan of action. We agree that the CPUC has an opportunity to take a leadership role on this issue, and "broad authority and the administrative discretion to shape programs and direct resources in a manner that furthers equity objectives",¹ and we appreciate that this plan includes issues like safety, consumer protection, access to resources, and program benefits.

We encourage the CPUC to weigh its policies and decisions through the lens of this plan, to use equity as the foundation of the CPUC's mission to protect consumers and safeguard the environment, and to align incentives and resources accordingly. Our shared goal should be for all Californians to have equitable access to and equitable benefit from the ratepayer programs they help to fund.

Rising Sun

Rising Sun is Bay Area nonprofit with offices in Oakland and Stockton. Since 1994, Rising Sun has offered training and employment programs to underserved youth and adults, with a focus on career opportunities in the clean economy. Rising Sun's experience working with the CPUC to-date relates primarily to energy efficiency. Rising Sun has been a grateful recipient of ratepayer energy efficiency dollars for our combination residential energy efficiency services and youth employment program, California Youth Energy Services (CYES), since 2006. While Rising Sun has always been aware of the energy efficiency proceedings, we began engaging more directly with the CPUC in 2018, becoming a party to several proceeding relevant to our

¹ September 2018 Draft: *CPUC Environmental and Social Justice Action Plan*, p.11



work and to the underserved communities with which we work. Our comments on the EJSJ Action Plan are based both on our experience working directly with EJSJ communities as part of our day-to-day environmental and economic equity mission, as well as on our direct engagement with the CPUC and several recent decisions, proceedings, and rulemakings.

Community Voice

Foundationally, EJSJ work must be about “us” and not about “them”. This is work we do together with communities, and not for communities. It must be community-driven and community-led.

Goal 4 of this Plan is to “Increase climate resiliency in EJSJ communities”, including a strategy to “educate EJSJ communities about how climate change may impact their communities and how to adapt”. We would suggest that EJSJ communities are already acutely aware of the impacts of climate change on their local environment and day-to-day lives, and in many cases, have, out of necessity, developed and implemented their own adaptation strategies. Many are already dealing with the chronic stresses and even ongoing trauma that climate change brings. EJSJ communities have been dealing with these issues for a long time and practice resiliency every day.

EJSJ communities are not deficit communities, and as we engage in this work, we need to do it with respect, awareness, and humility. We must acknowledge local expertise and ask how we can best expand the capacity that’s already there and provide additional bandwidth. We need to acknowledge that the individuals and groups who make up EJSJ communities are diverse, and we must work in a way that is culturally inclusive and equitable. We must work together to build in equity at the beginning, and not at the end, of a process; we must not re-create systems that perpetuate inequity as we work to adapt to our changed climate. The strategies and actions in this Plan must be community-driven and culturally inclusive to be successful.

Definition of EJSJ Communities

Rising Sun supports the broader definition of EJSJ communities included in this plan. While the Action Plan notes that the CPUC is required by statute “to prioritize disadvantaged communities,”² it does not restrict itself to using CalEnviroScreen, nor does it restrict itself to addressing only low-income communities when it comes to advancing equity. Instead, it considers CalEnviroScreen as a “robust foundation over which the CPUC may choose to consider layering additional criteria,”³ and defines EJSJ communities as those where residents are:

- “Predominantly communities of color or low-income;
- Underrepresented in the policy-setting or decision-making process;

² Ibid, p.10

³ Ibid, p.10



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- 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”⁴

This is important, because in this Plan, the CPUC proposes a broader understanding of “underserved” communities than in other prior proceedings and decisions, and a commitment to advancing equity that is inclusive of, but that also extends beyond, narrower definitions of “low-income”, “hard-to-reach”, and “disadvantaged”. This definition demonstrates an understanding that the needs of all low-income customers are not addressed simply because the Energy Savings Assistance program exists, nor are the needs of all disadvantaged residents met because the CPUC’s hard-to-reach (HTR) definition now includes disadvantaged communities as a sub-criterion.⁵ Rising Sun recommends the application of this broader EJSJ framework to other proceedings and decisions where hard-to-reach, disadvantaged, and underserved ratepayers are currently discussed.

We do note that in the more detailed Goals sections, particularly in the tables detailing Actions/Next Steps/Implementation Lead, that the actions are often mention DACs exclusively (especially, but not exclusively, in Goal 2⁶ and in the Energy Efficiency section of Goal 9⁷). We suggest that these be broadened to be inclusive of all EJSJ communities as defined in this plan, when not prohibited by statute or prior decision.

Total Resource Cost (TRC), Cost-Effectiveness, and Equity

Coming from an energy efficiency (EE) perspective, it is difficult to reconcile the goals of this Action Plan with the reality of what is currently driving EE program design and delivery. The CPUC has a statutory obligation to ensure EE programs are cost-effective. The current mechanism for measuring cost-effectiveness is the Total Resource Cost (TRC) test.

Rising Sun, and most organizations and companies involved in this issue, do not have an issue with cost-effectiveness or with delivering maximum benefit for the cost. We do, however, have an issue with TRC as the metric for cost-effectiveness. As it stands today, the TRC is valued above all other things. In practice, it trumps energy savings, GHG emission reductions, resiliency, non-energy benefits, policy objectives, and advancing equity. The same TRC standard and the same TRC calculator are used to evaluate all programs, regardless of sector, delivery method, technology, program purpose, or target population. The TRC fails to capture the full benefits of energy efficiency programs and makes low cost the sole competitive driver for programs. We do not believe this is the CPUC’s intention.

⁴ Ibid, p.9

⁵ D.18-05-041, p.175

⁶ September 2018 Draft: *CPUC Environmental and Social Justice Action Plan*, p.15

⁷ Ibid, p.39



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Here's a recent example: Rising Sun proposed a residential EE program that achieved a 1.16 TRC, which is a reasonably good number (it's required to be >1.0 to be considered cost-effective, and ultimately, the EE portfolios will need to reach a 1.25 TRC on an evaluated basis). We ran over 120 scenarios in the Cost Effectiveness Tool (CET). The only way we could get >1.15 TRC was to:

- Terminate employment for 100 low-income young adults
- Shrink from serving 6 counties to 2 cities
- Eliminate services to 2,000 underserved residents
- Lay off 19% of our full-time staff
- Reduce our program budget by 46%

Fortunately, PG&E chose to maintain a more impactful program in 2019, and not all these reductions were made. But that did mean lowering the program's TRC below a 1.0 on a forecast basis. The reality is that the EJSJ and other underserved residents are hard to reach. That can mean more outreach, more time, more resources on-the-ground. As a result, they're more expensive to serve. That doesn't mean they should be left behind.

The TRC issue was raised to the CPUC this year by nonprofits, advocacy groups, businesses, CCAs, RENs, local governments, and IOUs in the Energy Efficiency Business Plans and the related proceeding; in comments and ex parte meetings; in memos and conversations. We were unsuccessful in getting the TRC changed, though some of the pressure is delayed until future years. We will not restate those concerns and arguments here. But we do want to point out that delivering on and implementing this Action Plan will require resources and funding. The IOUs are under extreme pressure to raise the TRC of their energy efficiency portfolios. Many of the elements proposed in this plan will lower the TRC. We're concerned that, without modifications being made to the TRC, equity will be viewed as an additional cost with no energy benefit, as we've already begun to see. And as such, EJSJ communities will continue to be underrepresented and underserved, despite everyone's best intentions.

General Observations and Recommendations

- ***Investment and Funding*** – In order for much of this work to be meaningful and have impact, it must be funded. For example, there are multiple references to working with CBOs to communicate with and conduct outreach to EJSJ communities⁸. CBOs are often underfunded and understaffed; they need to be funded to support this work, offered stipends for attending conferences and meetings, etc. If workforce development is a priority, or the establishment of workforce standards, that work must be funded as well. (And, if this work falls under energy efficiency, how will those investments be valued in the TRC?)

⁸ Ibid, pp.14,21,25,30, etc.



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In addition, the CPUC can meaningfully support equity in EJSJ communities by directly funding innovative programs led by community-based organizations that provide services in EJSJ communities as broadly defined in this Plan.

- **Metrics** – Rising Sun recommends that this plan include specific metrics, success indicators, and goals throughout the plan to ensure traction and accountability, as discussed in Goal 9⁹.
- **Coordination** – We expect that the CPUC will leverage existing resources and efforts around this issue, including working with related nonprofits, community-based organizations (CBOs), and advocacy groups; and leveraging research, including the SB350 Barriers Study, that make specific recommendations on how to meaningfully advance equity in these areas. The CPUC can act on those recommendations directly.
- **Accessibility** – We agree (from experience) with how difficult it is to engage meaningfully with the CPUC. You can meet with some people, but not others; there are times when you can raise issues and times that you can't; some topics can be discussed, while others cannot. Comments must be filed in a certain format, written in a certain voice, sent to a specific group of people on a specific day. While intervenor compensation is available, it is difficult and complicated to understand how to participate in that program. All of this means that companies, organizations, and individuals with more resources and greater levels of technical and administrative sophistication are heard more than those without. Rising Sun supports the development of a public online comment system¹⁰ and plain language content¹¹ (Goal 1) and other efforts to increase equitable access and participation.
- **Workforce Development** – The Action Plan mentions union jobs and apprenticeship programs and some of the challenges there related to hiring disadvantaged workers.¹² Regarding Goal 7, Action 3¹³ – we'd like to point out that the building trades are advocates for disadvantaged workers and are often the ones leading the charge in requiring local and targeted hires on public construction projects. The trades also offer a pathway out of poverty for disadvantaged workers, with careers that pay family-sustaining wages, offer benefits, and provide opportunities for advancement. there are pre-apprenticeship programs, or Apprenticeship Readiness Programs, across the state (including Rising Sun) that work specifically with low-income adults experiencing high barriers to employment to help them enter apprenticeship programs and begin careers

⁹ Ibid, p.38

¹⁰ Ibid, p.13

¹¹ Ibid, p.14

¹² Ibid, p.12

¹³ Ibid, p.35



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in construction. Regrettably, some energy efficiency jobs have not met the workforce standards necessary to offer a viable pathway out of poverty. Opportunities to improve or set workforce standards for energy efficiency and other industries in the CPUC's purview, as well as to work collaboratively with labor in the climate transition, would support disadvantaged workers and EJSJ communities.

- **Diversity Contracting/Supplier Diversity** – We applaud and agree with the recommendations in this Plan regarding supplier diversity. It's important to point out that nonprofits are not eligible for these diverse business certifications, and therefore may be at a disadvantage despite holding the same qualifications.
- **Local Government Partnerships** – Rising Sun has been part of five Local Government Partnerships (LGPs), beginning in 2006. We know the value of these partnerships and the important leadership role that local government has in EJSJ issues. Unfortunately, LGPs are facing massive budget and scope reductions in 2019 and beyond because of the emphasis on TRC. Whereas many used to collaborate on and contribute to residential, commercial, and public sector energy efficiency projects, they will now only be able to focus on energy efficiency projects in public buildings. This limited scope will make it difficult for local governments to meaningfully participate in this work and will dramatically reduce the benefits they currently deliver for hard-to-reach and disadvantaged communities (Goal 9, Action 9).¹⁴

Conclusion

We thank the CPUC for its commitment to advancing equity for EJSJ communities, and for developing a roadmap to achieve its vision. We appreciate the opportunity to engage on this topic and to provide our perspective. To the extent that we can be helpful, we want to offer Rising Sun's ongoing support to the CPUC on these important issues.

Sincerely,

Jodi Pincus
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Julia Hatton
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Rising Sun Energy Center

¹⁴ Ibid, p.39