

March 22, 2019

To the California Public Utilities and Energy Commissions,

The Disadvantaged Communities Advisory Group (“Advisory Group”) urges the California Public Utilities Commission (“CPUC”) to adopt and fund energy storage programs aimed at providing benefits to affordable housing owners and tenants, proposed by the San Diego Gas & Electric Company (“SDG&E”)¹ and the Southern California Edison Company (“SCE”)² under the auspices of Assembly Bill 2868 (“AB 2868”).

In the February 26, 2019 Proposed Decision Implementing the AB 2868 Energy Storage Program and Investment Framework and Approving AB 2868 Applications with Modification (“PD”), the CPUC proposes not to adopt either energy storage program, providing a rationale that the proposed programs are too similar to the energy storage incentives under the Self-Generation Incentive Program Equity Budget (“SGIP EB”), and in the case of the SDG&E program, because the CPUC did not recognize that party stakeholders had supported the proposed program.³

The CPUC should adopt the energy storage programs for affordable housing tenants and property owners, proposed by SDG&E and SCE for the following reasons:

1) A diverse set of pilots is required in the near-term in order to equitably prepare disadvantaged communities and low-income communities for the impacts of climate change.

The Advisory Group recognizes that disadvantaged communities and low-income communities will face the most severe impacts of climate change in the coming years.⁴ In addition, as wildfires become a greater risk statewide, these communities will face negative effects of increased outages, including reduced energy reliability, health and safety impacts, and missed work and school. As such, these vulnerable communities need clean energy solutions that provide a comprehensive set of benefits that seek to mitigate the negative impacts of climate change and wildfires. Clean energy pilots must be tested soon, so that these communities will receive timely, vetted, scalable solutions that are tailored to community needs. Inaction now will lead to inequitable outcomes later.

The Advisory Group recognizes the SDG&E and SCE affordable housing energy storage proposals as effective ways to test the benefits of energy storage combined with solar energy for a key vulnerable population. Both proposals aim to reduce energy burdens for low-income tenants, and SDG&E’s

¹ See “Expanded CARE Pilot Program” under the Application of San Diego Gas & Electric Company (U 902-E) For Approval of its 2018 Energy Storage Procurement and Investment Plan, Application 18-02-016, February 28, 2018.

² See “Energy Storage for Multifamily Solar Projects Customer Program” under the Application of Southern California Edison Company (U 338-E) for Approval of its Energy Storage Procurement and Investment Plan, Application 18-03-002, March 1, 2018.

³ PD, p.25 and 49, February 26, 2019

⁴ According to the 2018 U.S. Fourth National Climate Assessment, “lower-income and other marginalized communities...have lower capacity to prepare for and cope with extreme weather and climate-related events and are expected to experience greater impacts.” USGCRP, 2018: Impacts, Risks, and Adaptation in the United States: Fourth National Climate Assessment, Volume II [Reidmiller, D.R., C.W. Avery, D.R. Easterling, K.E. Kunkel, K.L.M. Lewis, T.K. Maycock, and B.C. Stewart (eds.)].

proposal also aims to provide career benefits in the form of workforce development and training.⁵ While neither proposal discusses a resilience benefit in the form of backup to critical loads during outages, the Advisory Group views this benefit as a potential add-on to the programs.

These proposed affordable housing energy storage + solar energy programs will test an innovative, clean energy solution for a distinct population in a manner that leverages the existing low-income multifamily solar programs, Solar on Multifamily Affordable Housing (SOMAH) and Multifamily Affordable Solar Housing (MASH). Since disadvantaged communities and low-income communities are diverse statewide in their demographics, culture, housing type and challenges, a diverse set of solutions is necessary. The SCE and SDG&E proposals for affordable housing energy storage diversify the clean energy models that will be tested in the near-term, and should be adopted.

2) The proposed energy storage programs are distinct from the SGIP EB, and avoid current barriers within the SGIP program.

The proposed affordable housing energy storage programs are inherently distinct from the SGIP EB because they are customized for a specific population, whereas the SGIP EB seeks to serve a variety of customers, both residential and non-residential, and single-family homes as well as multifamily housing. In addition, the proposed programs are designed to leverage SOMAH and MASH funding, whereas the SGIP EB may encourage pairing incentives with other programs but is not designed to complement other low-income programs in this manner.

The SGIP EB faces numerous barriers, and as a result, to date only 1% of the residential SGIP EB project has been allocated, and zero funding for non-residential SGIP EB has been allocated.⁶ Because the SGIP EB requires myriad regulatory fixes in order to properly serve the populations it targets, it is reasonable to adopt other energy storage programs that can be rolled out quickly and effectively. In summary, the SDG&E and SCE proposed programs possess the following qualities that avoid current barriers within the SGIP EB:

- Proposed program incentive levels are high enough to result in adoption,⁷ whereas SGIP EB incentives are too low.
- Proposed programs are not tied to the opening of the SGIP general market Step 3 incentives, which has prevented the Pacific Gas and Electric Company (PG&E) SGIP EB from opening.
- Proposed programs have dedicated budgets for Marketing, Education and Outreach (ME&O) to successfully serve hard-to-reach populations, and the SGIP EB does not.
- Proposed programs do not have the Developer Cap that is imposed on the SGIP EB, which is inappropriate for low-income programs, because only certain developers have gained the community trust needed to spur adoption.
- Proposed programs do not contain the requirement within the SGIP program that other ratepayer-sourced incentives cannot be paired with program incentives.

⁵ SCE A.18-02-003, Testimony of M. Dresti, p.44, March 1, 2018; SDG&E A.18-02-016, Testimony of M. Bandy, February 18, 2019.

⁶ https://www.selfgenca.com/home/program_metrics/, queried 3/8/19.

⁷ The Advisory Group strongly supports the proposed SDG&E incentive level of \$1.20/Watt-hour for energy storage, and proposes that the SCE proposal be adopted at the same incentive level.

- The proposed SDG&E program has dedicated funding for workforce development and training, and the SGIP EB does not.

While the Advisory Group and other stakeholders will continue to advocate for regulatory changes that will eliminate SGIP EB barriers, in the meantime the Commission should consider and adopt alternative energy storage programs that will benefit underserved populations.

3) Key stakeholders support the proposed energy storage programs.

In April 2018, a coalition of disadvantaged community and solar advocates – GRID Alternatives, the California Housing Partnership Corporation and Sunrun, Inc. - submitted responses to the affordable housing energy storage proposals of SCE and SDG&E, encouraging adoption of those programs, with minor modifications.⁸ The PD does not discuss or acknowledge this feedback, even stating in the discussion of the SDG&E proposal that “[p]arties do not significantly support nor reject this program.”⁹

This is simply not true. Party stakeholders with deep knowledge of, and on-the-ground experience serving, disadvantaged and low-income community tenant and property owner populations supported these programs.

4) AB 2868 requires broad prioritization of low-income customers.

The SDG&E and SCE proposals for affordable housing energy storage were developed under AB 2868, which directs the CPUC to “prioritize those programs and investments that provide distributed energy storage systems to public sector and low-income customers.”¹⁰ If the PD is adopted as written, then only one utility proposal designed to directly benefit low-income customers will be adopted: PG&E’s thermal energy storage program.

One low-income program for one utility is not enough to fulfill the directive stated in AB 2868. The CPUC should adopt the affordable housing energy storage programs proposed by SCE and SDG&E.

Sincerely,

The Disadvantaged Communities Advisory Group

⁸ Response of GRID Alternatives, the California Housing Partnership Corporation and Sunrun, Inc. to Application 18-02-016, April 6, 2018; Response of GRID Alternatives, the California Housing Partnership Corporation and Sunrun, Inc. to Application 18-03-002, April 6, 2018.

⁹ PD, p.25, February 26, 2019.

¹⁰ AB 2868, Public Utilities Code 2838.2, Section 2(d)(2).