

To the California Public Utilities and Energy Commissions,

The Disadvantaged Communities Advisory Group (“Advisory Group”) supports robust and permanent energy bill protection elements for pilot projects approved in Phase II of the San Joaquin Valley Proceeding (Rulemaking 15-03-010).¹ i

The purpose of the Advisory Group pursuant to Pub. Util. Code § 400(g), is to advise the California Public Utilities Commission (CPUC) and the California Energy Commission (Energy Commission) regarding the development, implementation, and impacts of proposed programs related to the Clean Energy and Pollution Reduction Act of 2015 (also known as Senate Bill 350) in disadvantaged communities. In consideration of future programs, the Advisory Group may at times, also need to consider existing programs. On October 30, 2018, the Advisory Group discussed prioritizing certain CPUC proceedings that fall under this mandate, including the above referenced proceeding.

On December 20th, 2018, the CPUC approved D.18-12-015 with funding for Pilot Projects in eleven of the disadvantaged communities identified in Phase I of the proceeding. Pilot Projects will allow community members to end their reliance on propane and wood, which are expensive, unreliable and polluting fuels. As alternatives, communities will receive electrification, efficiency and community solar in ten communities natural gas line extensions in one community. The CPUC acknowledges that customer electricity and/or natural gas bills may increase as propane and wood are replaced with new fuels, and that energy bill protection is important. However the CPUC only approved a short-term bill protection measure, and assigned to a more permanent solution to a bill protection workshop, which is scheduled to take place on February 1st, 2019.

The Advisory Group supports the following bill protection elements. Each of these elements are in line with the Advisory Groups Equity Framework, which work in conjunction with the Guiding Principles of the Advisory Group set forth in the Charter of the Disadvantaged Communities Advisory Group, as well as the SB 350 Barriers Study.

- Provide Significant Bill Protection and Savings Guarantees
Due to the uncertainty over the practical application of this program, and the need to adequately understand any impacts in energy consumption while fully mitigating the risks associated with the implementation of new pilots and program models, the Advisory Group recommends a bill protection mechanism designed to provide significant, long-term savings. In addition, participating pilot community residents have advocated for but been denied adequate service and affordable energy for decades, resulting in health and economic impacts, including higher energy bills. The Advisory Group notes that the

¹ Please see D. 18-12-015, the Administrative Law Judges’ (“ALJ”) Proposed Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects, December 20, 2018; as well as the Assigned Commissioner’s Ruling (ACR) Proposing Phase II Pilot Projects in Twelve Communities in the San Joaquin Valley, October 3, 2018

Assigned Commissioner² as well as a strong coalition of stakeholders,³ supported a bill protection mechanism of a 20% discount on the participant's post-pilot electricity bill, for 20 years.

- Dedicate Funding to Ensure a Permanent Bill Protection Solution
Given the combination of innovative, first-of-its-kind pilot project elements and the widespread structural, policy and program barriers facing residents of DACs in the San Joaquin Valley, it makes sense to budget for long-term affordability and bill protection for residents in the pilot communities. Budgeting for long-term funding for bill protection at the initial stages will guarantee the residents will not be at risk of any unforeseen or unknown risks. If future data gathering and post-pilot analysis finds that initial budgets for long-term bill protection are unnecessary, The Advisory Group anticipates that unused budgets will be able to be returned. It is better to set aside funds now for long-term bill protection than to ask for more funds once pilots are launched.

The CPUC's Final Decision adopting Phase II pilots stated that "ensuring that participating households experience energy cost savings is a central objective of the pilot"⁴. The authorization of the above elements will allow the CPUC to move forward in fulfilling the affordability goal of AB 2672 while appropriately using program funding and providing long term savings guarantees to the residents of the pilot communities. The Advisory Group respectfully requests that the CPUC considers and approves the above elements during the Bill Protection Workshop and the subsequent directives and decisions being made in regards to bill protection in R.15-01-030.

Sincerely,
- The Disadvantaged Communities Advisory Group

² See Assigned Commissioner's Ruling (ACR) Proposing Phase II Pilot Projects in Twelve Communities in the San Joaquin Valley and Noticing All-Party Meeting, p.20, October 3, 2018

³ See Opening Comments on the October ACR of the Greenlining Institute, p.4; The Pilot Team, p.4; GRID Alternatives, p.4, October 19, 2018.

⁴ D.18-12-015, p.75, December 20, 2018