

Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

SB 647 (Hurtado) – As Amended June 25, 2025

SENATE VOTE: 28-7

SUBJECT: Energy: Equitable Building Decarbonization Program: Low-Income Oversight Board: membership: assessment: energy efficiency incentives

SUMMARY: Expands the membership of the Low-Income Oversight Board (LIOB) and requires the LIOB to assess energy efficiency incentives for low- and moderate-income residents. Also, directs the California Energy Commission (CEC) to inform Equitable Building Decarbonization (EBD) applicants of related California Public Utilities Commission (CPUC) programs and requires both agencies to support the LIOB's assessment. Specifically, **this bill:**

- 1) Expands the membership of the LIOB from 11 to 12 members by adding a representative from the CEC.
- 2) Requires the LIOB to assess state and ratepayer-funded energy efficiency incentives for low-income and low-to-moderate income residents by January 1, 2027.
- 3) Requires the LIOB's assessment to include at least all the following:
 - a) An assessment of and recommendations regarding opportunities for and barriers to improving the stacking of energy efficiency and building decarbonization incentives aimed at low-income households and owners of multifamily residences that house low-income residents.
 - b) Recommendations for options to address the energy assistance needs of low-to-moderate income California households with household incomes that exceed the thresholds for existing low-income programs.
 - c) Opportunities for energy efficiency incentives to better support the growth of small and diverse businesses that perform energy upgrades financed by those incentives.
 - d) The potential rate impacts of recommendations included in the assessment, and recommendations on opportunities to mitigate or prevent those impacts.
- 4) Requires the LIOB to publish this assessment on its internet website by July 1, 2027.
- 5) Requires the CEC to establish a mechanism to notify applicants for the EBD program that they may also be eligible for building energy efficiency and decarbonization incentives authorized by the CPUC.
- 6) Requires the CPUC, in consultation with the LIOB, to establish standardized statewide performance metrics to evaluate the effectiveness, equity, and accountability of certain programs as specified.

- 7) Sunsets on January 1, 2030.

EXISTING LAW:

- 1) Grants the CPUC with regulatory authority over public utilities, including electrical corporations and gas corporations. (Public Utilities Code § 382.1)
- 2) Establishes the LIOB to advise the CPUC regarding low-income electric, gas and water customer issues. Existing law specifies the board’s duties, including, but not limited to encouraging collaboration between state and utility programs for low-income electricity and gas customers. Existing law specifies the membership of the LIOB, which includes 11 members. (Public Utilities Code § 382.1)
- 3) Establishes ESAP, which is overseen by the California Public Utilities Commission (CPUC), to provide ratepayer-funded upgrades to low-income households, including low-income residents in multi-family housing. Under existing law, these upgrades may include improved insulation, weatherization services, low-flow shower heads, building envelope repairs and caulking, and installation of energy-efficient refrigerators and furnaces. Existing law specifies that low-income households eligible for ESAP are those households whose incomes are at or below 250% of the federal poverty level (FPL). Existing law prohibits the CPUC from increasing the authorized budgets of ESAP based on increased income thresholds. (Public Utilities Code §§ 382 and 2790)
- 4) Establishes the EBD program, which is overseen by the CEC, to provide incentives for specified energy efficiency, demand response, and building decarbonization measures. Existing law authorizes the CEC to establish regional third-party administrators for the EBD program. Under existing law, the EBD program includes the following three main subprograms:
 - a) Statewide Direct Install program: provides no-cost energy efficiency and electrification retrofits for low-income households in California.
 - b) Statewide Incentive program: provides financing mechanisms to reduce the cost of loans for home energy retrofits that improve energy efficiency and reduce greenhouse gas (GHG) emissions.
 - c) Tribal Direct Install program: provides direct install incentives specifically for residential buildings owned or management by a California Native American tribe, tribal organization, or tribal member. (Public Resources Code § 25665 et. seq.)
- 5) Existing law restricts eligibility for EBD direct install incentives to “low-to-moderate income” households and defines “low-to-moderate income” households whose income does not exceed 120% of area median income (AMI), adjusted for family size as specified by the United States Department of Housing and Urban Development (HUD). (Health and Safety Code §50093 and Public Resources Code §§ 25665 and 25665.3)

FISCAL EFFECT:

According to the Senate Committee on Appropriations, the CPUC estimates ongoing costs of \$403,000 annually for the first three years and \$145,000 annually thereafter—funded by

ratepayers—to support the expanded Low-Income Oversight Board (LIOB). The CEC also anticipates ongoing costs, likely in the hundreds of thousands of dollars annually to support a new Deputy Public Advisor who will serve on and assist the Board, as well as provide required notifications to eligible program participants.

CUSTOMER IMPACTS: Unknown.

BACKGROUND:

The Role of the Low-Income Oversight Board (LIOB) – The LIOB is a legislatively established advisory body within the CPUC that was created to ensure that the interests of low-income electric and gas customers are adequately represented in the CPUC’s decision-making processes.¹ Its statutory responsibilities were later expanded² to include water-related issues affecting low-income households. The LIOB is composed of representatives from community-based organizations, consumer advocates, investor-owned utilities, and state agencies, such as the Department of Community Services and Development.³ It advises the CPUC on the development, implementation, and evaluation of programs such as the California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) programs, which provide bill discounts and no-cost energy efficiency services to qualifying households. The LIOB also monitors program effectiveness, provides recommendations on affordability policy, and helps ensure that CPUC decisions take into account California’s most vulnerable households. As such, it has served as a platform for public input, regularly producing recommendations to improve affordability, program access, and equity in energy and water services.

CEC: Equitable Building Decarbonization Program (EBD Program) – Established through AB 209 (Committee on Budget, Chapter 251, Statutes of 2022), the EBD program directs state funding to support low-income households in replacing gas-fueled appliances with clean electric alternatives, such as heat pump water heaters, space heating systems, and induction cooktops. Recognizing barriers that often limit low-income residents from participating in clean energy transitions, the EBD program also funds pre-electrification upgrades (e.g., panel replacements), provides technical assistance, and supports community-based organizations to conduct outreach and engagement. These investments help ensure that low-income communities – often disproportionately affected by pollution, and high energy costs – are included in California’s clean energy transition. By centering equity and affordability, the EBD program supports the state’s climate goals while promoting healthier homes for those who need them most. Administered by the CEC, the EBD Program is funded through several different non-ratepayer sources, including General Fund moneys and Greenhouse Gas Reduction Fund. As a result, the EBD program incentives are available statewide.

COMMENTS:

- 1) *Author’s statement.* According to the author, SB 647, the Home Energy Savings Expansion Act, ensures California’s clean energy future works for everyone, not just those who can already afford to upgrade. Too many hardworking families – our farmworkers, caregivers, teachers, and seniors – live in homes with outdated systems that drive up energy bills and

¹ SB X2 2, Escutia, Chapter 11, Statutes of 2001

² SB 580, Escutia, Chapter 662, Statutes of 2005

³ Low Income Oversight Board; “Board members”; <https://liob.cpuc.ca.gov/board-members/> Accessed July 5, 2025.

worsen indoor air quality, especially in regions like the Central Valley where heat is extreme and incomes are limited. To address these inequities, SB 647 strengthens oversight and coordination of state energy efficiency programs by expanding the Low-Income Oversight Board and requiring a comprehensive assessment of how current energy programs serve low- and moderate-income households while also identifying gaps and barriers so the legislature can begin to close them with more effective, targeted solutions. At its core, this bill tackles the structural barriers that prevent vulnerable Californians from benefiting fully from energy savings programs bringing fairness, transparency, and equity into California's energy transition, while providing necessary financial relief to those who are hurting the most.”

- 2) *Strategic Representation.* This measure expands the membership of the LIOB from 11 to 12 members by adding a representative from the CEC. By including the CEC—an agency central to the state's decarbonization strategy—the bill ensures that low-income energy programs benefit from aligned planning, implementation, and evaluation across key agencies. Furthermore, integrating the CEC's perspective strengthens the LIOB's ability to guide the equitable rollout of energy efficiency and electrification initiatives, particularly as California scales up climate investments in disadvantaged communities. This ensures oversight of these programs reflects the state's long-term goals around climate equity and affordability.
- 3) *Expanding Awareness.* Establishing a formal mechanism for the CEC to notify Equitable Building Decarbonization (EBD) Program applicants of potential eligibility for related CPUC-administered incentives as this legislation provides is essential to expanding access for low-income households. California's building decarbonization efforts are supported by distinct but overlapping initiatives —administered by different agencies—with similar goals but not always aligned in implementation. These include ratepayer-funded initiatives such as TECH Clean California, the Energy Savings Assistance (ESA) Program, and the Self-Generation Incentive Program (SGIP). Absent a formal mechanism for cross-program awareness, eligible low-income households may be unable to fully access or layer available incentives, limiting both the effectiveness of individual programs and the equity outcomes they seek to advance.
- 4) *Overlapping Efforts?* This bill requires the LIOB to conduct a targeted assessment of state and ratepayer-funded energy efficiency incentives available to low- and moderate-income households. The assessment is intended to identify barriers that limit the ability of these households—particularly those in multifamily and disadvantaged communities—to access and stack multiple incentives for building decarbonization and energy efficiency. By surfacing gaps and opportunities, this bill seeks to support the expansion of clean energy programs, helping to extend their impact across communities.

However, this targeted approach is distinct from broader statewide efforts such as AB 3264 (Petrie-Norris, Chapter 762, Statutes of 2024), which updates an existing CPUC report on energy efficiency programs to include all demand-side management (DSM) programs, and requires new assessments of each program's bill savings to ratepayers, cost-effectiveness, and impacts, among other requirements. These evaluations were sought to help policymakers track the activity levels of these programs – particularly bringing awareness to programs that

may not be attracting participation or are not being actively managed – and adjust their needs or budgets, which, if reduced or recouped, could provide relief to ratepayers. The updated report is due to the Legislature before July 1, 2025; however, the actual expected delivery date of the report is currently unknown.

In addition, among the many requests in Governor Newsom’s October 2024 Executive Order N-5-24 to address California’s rising electricity costs and broader affordability concerns,⁴ was a directive to the CPUC and the CEC to conduct a comprehensive review of all electric ratepayer-funded programs under their jurisdiction, identifying those that drive up rates without delivering proportional benefits.

Given these overlapping efforts, the committee recommends deleting PUC § 383 in Section 3 of this measure, which directs the LIOB to conduct a targeted assessment of energy efficiency incentives available to low- and moderate-income households, to streamline efforts with broader evaluations already proposed or underway.

5) *Related Legislation.*

AB 825 (Petrie-Norris, 2025) proposes a range of policies affecting electrical corporations, including measures intended to address rising utility bills through a review of statewide demand-side management programs. Status: *pending hearing* in the Senate Committee on Energy, Utilities, and Communications.

6) *Prior Legislation.*

AB 3264 (Petrie-Norris) requires a suite of actions by the CPUC to help address energy costs, including developing a total energy framework to be used to evaluate IOU spending requests; requiring IOUs to publish visual representations of certain cost categories; studying alternative financing for transmission infrastructure; and broadening the triennial CPUC report on energy efficiency and conservation programs to include specified metrics and criteria. Status: Chapter 762, Statutes of 2024.

AB 209 (Committee on Budget) allocated various funds to implement the 2022 Budget Act. The bill established various energy programs, including the EBD program at the CEC. Status: Chapter 251, Statutes of 2022)

SB 756 (Hueso) increased the income eligibility threshold for ESAP from 200% of the FPL to 250% of the FPL and prohibited the CPUC from increasing the utilities' budgets for the ESAP. Status: Chapter 248, Statutes of 2021.

SB 1403 (Hueso) of 2020 would have expanded ESAP income eligibility. Status: The bill died in the Assembly.

⁴ <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>

REGISTERED SUPPORT / OPPOSITION:

Support

Asian Business Association of Silicon Valley
Association of California Community & Energy Services
Bay Counties Construction & Maintenance
California Community Action Partnership Association
California Community Builders
Chicana Latina Foundation
Climare Resilient Communities
Community Consumer Defense League
Community Development INC
Community Resource Project, INC.
El Concilio of San Mateo County
Energy Transition Collective
Fresno Community Development Financial Institution
Inland Empire Latino Coalition
Latinxs and the Environment
N'de Apache Nation Tribe
Quest
Regenerate CA Innovations
Regenerate California Innovation, INC
Self-help Enterprises
Solar-oversight
Suscol Intertribal Council
The Ortiz Group
West Coast Green Builders, LLC

Opposition

None on file.

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