Date of Hearing: April 7, 2021

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Chris Holden, Chair
AB 1087 (Chiu) – As Introduced February 18, 2021

SUBJECT: Environmental Justice Community Resilience Hubs Program

SUMMARY: Establishes a competitive grant program, the Environmental Justice Community Resilience Hubs Program (EJCRH Program), to fund building upgrade projects in both public spaces and qualified housing. Specifically, **this bill**:

1) Requires the California Public Utilities Commission (CPUC) to annually allocate all remaining revenues (85%) of electric investor-owned utility (IOU) greenhouse gas (GHG) emission allowances to fund the EJCRH Program, and excludes California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) program participants from this contribution.

2) Defines "qualified housing" for purposes of EJCRH Program eligibility as either low-income residential housing or multifamily residential housing of at least five rental housing units which are either low-income residential housing, located in a disadvantaged community, or at least 80% occupied with households whose incomes are at or below 60% of the area median income.

3) Defines "critical community institutions" as institutions necessary for providing vital community and individual functions, including, but not limited to, schools, town halls, hospitals, health clinics, community centers, community nonprofit facilities providing essential services, libraries, homeless shelters, senior and youth centers, childcare facilities, food banks, parks and recreation sites, places of worship, community development corporations, and community land trusts.

4) Defines "eligible entity" for purposes of EJCRH Program eligibility as either a critical community institution or qualified housing.

5) Requires an electric IOU to cause monies received for the EJCRH Program to be awarded as competitive grants to owners of eligible entities for holistic community-driven building upgrade projects that demonstrate community engagement, multi-stakeholder partnerships, reflect the geographic diversity of the state, and are installed at eligible entities.

6) Permits an electric IOU, or third-party administrator, to accept additional monies from other sources for funding the competitive grants.

7) Requires the CPUC to determine whether each electric IOU or a third party, including the California Energy Commission (CEC), will administer the competitive grants. Requires the administrator, to the extent possible, to ensure the competitive grants are awarded throughout the applicable electric IOU's service territory and within underfunded areas.

8) Prohibits no more than ten percent of EJCRH Program funds to be used for administration, technical assistance, or outreach costs.

9) Requires the EJCRH Program administrator to provide technical assistance to customers applying for the competitive grants and, to the extent possible, customers applying for other public benefit programs relating to energy.

10) Requires the CPUC to establish local hiring requirements, wage requirements, requirements to partner with state-sanctioned apprenticeship programs, and strong workforce standards for the program in order to provide economic development benefits to disadvantaged communities.

11) For EJCRH Program grants at qualified housing, requires the CPUC to ensure the electricity generated by the project be primarily used to offset electricity usage by low-income tenants. The CPUC may enforce this requirement using covenants and restrictions in deeds.

12) Requires the Department of Housing and Community Development for properties that have been awarded a EJCRH Program grant to:

    a. Ensure the owner of the property operates the property as qualified housing for a period of not less than 10 years.

    b. May require the owner to agree to one or more tenant protections including:

        i. affordability contracts,

        ii. agreements to evict only for just cause,

        iii. preapproval of rent increases only with a reasonable justification,

        iv. restrictions on rent increases after the property is sold, or

        v. annual submission of rent rolls for inspection.

    c. Make available annual rent rolls on the Department’s internet website.

13) Requires the CPUC, in consultation with the CEC and administrators, to ensure greater cross-referral, share best practices, scale programming, establish a uniform application, and provide comprehensive guidance and technical assistance for applicants to various existing energy and resilience programs, as listed.

14) Establishes legislative findings relating to the need for community resilience to cope with and survive during emergencies. Declares the goal of the Legislature to make clean, renewable, and resilient energy systems more accessible to disadvantaged communities and vulnerable populations and to install those systems in a manner that represents the geographic diversity of the state.

EXISTING LAW:

1) Requires the Air Resources Board (CARB) to ensure that statewide GHG emissions are reduced to 40% below the 1990 level by 2030. (Health & Safety Code § 38566)

2) Requires direct allocations of GHG allowances to electric and gas utilities to be used for the primary benefit of retail ratepayers of each utility consistent with the goals of AB 32 (Nunez, Chapter 488, Statutes of 2006), and may not be used for the primary benefit of entities or persons other than such ratepayers. Allocated allowance auction proceeds must be used to reduce GHG emissions or returned to ratepayers. (17 CCR § 95892, 95893)[1]

3) Requires the CPUC to allocate up to 15% of revenues received by an electrical IOU as a result of the direct allocation of GHG allowances to electrical distribution utilities to be used for clean energy and energy efficiency projects and otherwise requires revenues to be credited directly to residential, small business, and emission-intensive trade-exposed customers. (Public Utilities Code § 748.5)

4) Requires the CPUC, in consultation with the CEC, to develop and administer a program of incentives for near-zero and zero-emissions building technologies to significantly reduce the emissions of GHG from those buildings below the minimum projected emissions that would otherwise be expected to result from the implementation of the state's building standards. From July 1, 2019 through June 30, 2023, requires the CPUC to allocate $50 million (~20%) annually from gas IOU GHG emissions allowance revenues for these purposes. (Public Utilities Code § 748.6 and §§ 921-922)

5) Defines "area median income" as the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development. (Health & Safety Code § 50093)

6) Establishes the CARE program, a program of assistance to low-income residential IOU customers with annual household incomes no greater than 200% of federal poverty guidelines. CARE discounts cannot be less than 30% nor greater than 35% of the revenues that would have been produced for the same billed usage by non-CARE customers, and requires the entire discount to be provided in the form of a reduction in the overall bill for the eligible CARE customer. (Public Utilities Code § 739.1)

7) Establishes the FERA program, a program of assistance to low-income residential customers of the state's three largest IOUs whose household income ranges between 200% and 250% of the federal poverty guidelines, slightly exceeding the CARE allowance. Requires the FERA program discount to be an 18% line-item discount applied to an eligible customer's bill calculated at the applicable rate for the billing period. (Public Utilities Code § 739.12)

8) Requires the California Environmental Protection Agency to identify "disadvantaged communities" based on geographic, socioeconomic, public health, and environmental hazard criteria. (Health & Safety Code § 39711)

9) Defines two categories of "just cause" as at-fault or no-fault for purposes of terminating a residential rental tenancy, and specifies qualifying reasons for either category of termination. (Civil Code Section 1946.2)

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[1] Last updated by CARB in 2018. May be found at https://www.arb.ca.gov/regact/2018/capandtrade18/ct18fro.pdf

10) Defines "low-income residential housing" as a multifamily residential complex financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants; a multifamily residential complex in which at least 20 percent of the total housing units are sold or rented to lower-income households; or an individual residence sold at an affordable housing cost to a lower-income household that is subject to a resale restriction or equity sharing agreement. (Public Utilities Code § 2852)

11) Defines "vulnerable community" as those experiencing heightened risk and increased sensitivity to climate change and have less capacity and fewer resources to cope with, adapt to, or recover from climate impacts, as referenced in the July 2018 "Defining Vulnerable Communities in the Context of Climate Adaptation" resource guide. (Public Resources Code § 71340)[2]

12) Requires electric and gas IOUs to provide weatherization assistance, and specifies that weatherization means attic insulation, caulking, weather-stripping, a low flow showerhead, water heater blanket, and door and building envelope repairs to reduce air infiltration for low-income customers. This program is known as the Energy Savings Assistance Program (ESAP). (Public Utilities Code § 2790 (a), (b))

13) Specifies that weatherization may also include other building conservation measures, energy-efficient appliances, and energy education programs determined by the CPUC to be feasible and considering the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households. (Public Utilities Code § 2790 (c))

14) Creates a charge on electricity and natural gas consumption to fund cost-effective energy efficiency and conservation activities. (Public Utilities Code § 381 and § 890)

15) Establishes the Multifamily Affordable Housing Solar Roofs Program (also known as the Solar on Multifamily Affordable Housing Program, SOMAH) to provide financial incentives for qualified solar installations at multifamily affordable housing properties funded, from July 1, 2016 through June 30, 2020 with the possibility of a six year extension upon CPUC determination, from approximately 10% of electric IOUs' GHG allowances. (Public Utilities Code § 2870)

16) Establishes the Self-Generation Incentive Program (SGIP) and allows the CPUC to direct IOUs to collect up to $166 million annually from ratepayers through December 31, 2024, to be used to provide SGIP incentives for distributed energy resources. The CPUC must administer SGIP incentives until January 1, 2026, and provide repayment of all unallocated SGIP funds to reduce ratepayer costs. (Public Utilities Code § 379.6)

17) Establishes, until January 1, 2019, a 600 megawatt (MW) Green Tariff Shared Renewables Program, administered by the IOUs, that allows utility customers to

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[2] Pg. 2 of "Defining Vulnerable Communities in the Context of Climate Adaptation," Governor's Office of Planning and Research, July 2018. https://opr.ca.gov/docs/20180723-Vulnerable_Communities.pdf

voluntarily purchase electricity from renewable energy facilities. (Public Utilities Code §§ 2831-2834)

18) Requires the CPUC, in consultation with the CEC, and the Independent System Operator (CAISO), to take specified actions by December 1, 2020, to facilitate the commercialization of microgrids for distribution customers of large electrical corporations. Requires the governing board of a local publicly owned electric utility (POU) to develop and make available a standardized process for the interconnection of a customer-supported microgrid, including separate electrical rates and tariffs, as necessary. (Public Utilities Code §§ 8370-8372)

FISCAL EFFECT: This bill is keyed fiscal and will be referred to the Committee on Appropriations for its review of the fiscal effect of this bill.

BACKGROUND:

The California Climate Credit – California ratepayers receive regular bill credits as part of the proceeds arising from their utility's participation in the state's Cap-and-Trade program. The origin of these customer climate credits is AB 32 (Nunez, Chapter 488, Statutes of 2006), which established limits on GHG emissions in California and designated CARB as the agency responsible for designing a market-based mechanism to reduce emissions. Recently, SB 32 (Pavley, Chapter 249, Statutes of 2016) and AB 398 (E. Garcia, Chapter 135, Statutes of 2017) were passed to extend the state's Cap-and-Trade program through 2030 with a revised statewide emissions target of 40 percent below 1990 emissions levels by 2030.

In December 2011, CARB created the statewide Cap-and-Trade Program establishing limits, or caps, on the number of pollution permits, or allowances, available in a given year. The CARB Cap-and-Trade Program applies to facilities that emit more than 25,000 metric tons of carbon dioxide equivalents per year, as well as any facilities with lower emissions that opt-in to the program. These facilities include large electric power plants, large industrial plants, and fuel distributors (*e.g.*, natural gas and petroleum).

Electric and natural gas IOUs are required to consign to auction a certain portion of the GHG allowances they receive. Covered entities purchase the utility allowances to cover their own GHG emissions. The proceeds generated from such sales must be primarily used for the benefit of retail ratepayers. For electric IOUs customers, these funds are returned via a credit on their utility bills, known as the Climate Credit. State law requires 85% to be used for the Climate Credit and permits the CPUC to allocate the remaining 15% for clean energy and energy efficiency projects.[3]

From 2013 to 2020, the electric IOUs returned $6.3 billion directly to customers.[4] Proceeds are returned to customers via three mechanisms – the industrial assistance credit, the small business climate credit, and the residential California Climate Credit. The residential California Climate Credit is provided on residential customers' bills twice annually in the spring and fall. In 2020,

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[3] PU Code § 748.5
[4] As reported to this committee by the CPUC in March 2021.

in response to the COVID-19 pandemic, the Governor's shelter-in-place orders, and resulting changes in residential electric consumption, the CPUC altered the timing of the 2020 residential climate credit. Most credits were distributed earlier in the year and some IOUs split their credits to provide assistance over multiple months, without altering the total amount of credit received.[5]

It is the expectation that as CARB continues to lower the "cap" in the Cap-and-Trade program to help California reach its emissions-reduction goals, the total amount of available allowances – and thus proceeds from electric IOU sales of their allowances – will decline. Thus the California Climate Credit and associated programs funded through the GHG allowance proceeds are expected to likewise decrease in funding size over time.

Existing CPUC Programs Funded by GHG Allowance Proceeds – Per statute, up to 15% of the electric IOU auction proceeds may be used for clean energy or energy efficiency projects. The largest of these programs is SOMAH, authorized by AB 693 (Eggman, Chapter 582, Statutes of 2015). The SOMAH program uses $100 million or 10% of the IOUs' auction proceeds, whichever is less, to provide financial incentives for the installation of solar energy photovoltaic (PV) systems on multifamily affordable housing properties throughout California.

In addition to SOMAH, the CPUC developed three programs to increase the adoption of renewable generation in disadvantaged communities.[6] The CPUC funded these programs with allowance proceeds, if funds were available under the 15% limit; otherwise if such funds were exhausted, the programs would access public purpose program funding. These three programs include:[7]

- Disadvantaged Communities Single-Family Solar Homes (DAC-SASH) program:
    - Enables income-qualified homeowners in disadvantaged communities to receive no-cost rooftop solar installations.
    - Allocates $10 million per year beginning on January 1, 2019 and running through the end of 2030.
    - Each electric IOU will contribute a portion commensurate with their relative percentage of retail electric revenue.
- Disadvantaged Communities-Green Tariff (DAC-GT) program:
    - Enables income-qualified, residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from utility-scale clean energy and receive a 20% bill discount.
    - To the committee's knowledge, the DAC-GT program is set to launch in the coming months.
- Community Solar Green Tariff (CSGT) program:

[5] See CPUC webpage on the California Climate Credit; https://www.cpuc.ca.gov/climatecredit/ as appeared on March 26, 2021.
[6] As directed by AB 327 (Perea, Chapter 611, Statutes of 2013); however the use of the remaining climate credit funds was not specifically allocated in the legislation.
[7] Established in D. 18-06-027 in R. 14-07-002. More information on the programs may be found at the CPUC's website "Solar in Disadvantaged Communities;" https://www.cpuc.ca.gov/SolarInDACs/ as appeared on March 26, 2021.

- Enables residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from a local solar project and receive a 20% bill discount.
- To the committee's knowledge, the CSGT program is set to launch in the coming months.

COMMENTS:

1) *Author's Statement.* "AB 1087 is based on the premise that *resilience is built before disaster*. Currently, environmental justice communities are bearing the brunt of intersecting and intensifying crises – from wildfires and power shutoffs to extreme heat and flooding to a lack of secure and affordable housing.

   This bill aims to rehab existing buildings that communities depend on for housing and vital support services. Improvements to these buildings will reduce local pollution, provide access to clean energy, improve the safety and affordability of these buildings, and improve community resiliency against the worst effects of climate change. While the state offers a handful of underfunded and siloed clean energy programs, some of which are available to environmental justice communities, the existing offerings are uncoordinated, difficult to navigate, and insufficient in size and scope compared to the need for resilience infrastructure. AB 1087 addresses these problems by reallocating funding from the California Climate Credit towards creating a new resilience hubs grant program. Currently, most consumers only receive a small credit, averaging $120 annually on their utility bill from this program. This bill allows consumers to pool those revenues towards coordinating existing programs and making improvements in shared community facilities.

   This program would boost the climate change resilience of institutions that communities trust (such as affordable housing, libraries, schools, health clinics, and places of worship) with building upgrades such as improved building insulation for extreme heat protection, clean energy microgrids installation for backup power during grid outages, and air filtration systems to combat wildfire smoke. In addition to eliminating climate pollution and supporting the transition to a clean energy economy, these upgrades would transform buildings into what we call "resilience hubs": community-serving facilities that offer people space to gather, organize, and access services not only during climate disasters, but on a daily basis."

2) *Funding.* According to the CPUC,[8] approximately $956 million in GHG allowance proceeds were collected in 2020 by the state's three largest IOUs.[9] Approximately 15% of this total is directed to clean energy projects, as stated above, leaving 85%, or roughly $813 million in proceeds distributed to customers in 2020 as a Climate Credit. These funds roughly equate to between $64 and $334 credited, on a per

[8] As reported to this committee by the CPUC in March 2021.
[9] Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E).

household basis, in 2020, depending on the electric utility.[10] This bill allocates all electric IOU GHG auction proceeds, net the 15% statutorily directed to clean energy projects, to fund the EJCRH Program, diverting over $800 million per year from direct customer payments.

This bill specifies these funds are to be used for building upgrade projects at either community buildings or residences in low-income or disadvantaged communities. As demonstrated in Table 1 below, the IOU ratepayers currently fund many similar programs to achieve such aims.

TABLE 1 – Selected CPUC program budgets and adoption

Program	Budget	Funding Source	% Adoption as of 2020
SOMAH	Annually to 2030 - $100 million	electric IOU GHG allowance revenue	~ 30% {91.8 MW in development of 300 MW authorized by statute}
SGIP - Equity Residential Category	2019-2025 - $31 million	distribution component of rates	>100% - $20 million in projects waitlisted {as of July 2020; see Findings of Fact #8 in D. 20-10-017}
SGIP - Equity Non-Residential Category	2019-2025 - $52.8 million	distribution component of rates	>100% - $306.5 million in projects waitlisted {as of July 2020; see Findings of Fact #8 in D. 20-10-017}
SGIP - Equity Resiliency Category	2019-2025 - $612 million	distribution component of rates	>100% - $39 million in projects waitlisted
SGIP - San Joaquin Pilots Category	$10 million, one-time	distribution component of rates	< 20% - $1.7 million utilized
GTSR	~$12 million, to date	participating ratepayers	27%
DAC-SASH	Annually to 2030 - $10 million	electric IOU GHG allowance revenue	1.01 MW (No MW Cap)
DAC-GT	undetermined	electric IOU GHG allowance revenue	Program underdevelopment
CSGT	undetermined	electric IOU GHG allowance revenue	Program underdevelopment
ESAP	2020 - $595 million	public purpose program surcharge in rates	> 50% - $298 million spent and dependent on utility, but roughly 85-100% households reached for 2020 statutory goal

[10] See Table “Prior-Year Electric California Climate Credit Amounts” on CPUC website https://www.cpuc.ca.gov/climatecredit/ as viewed on March 23, 2021, showing 2020 numbers at $36 for PG&E, $37 for SCE, $32 for SDG&E, $34 for Liberty Utilities, and $167 for Pacific Power.

Clean Energy Microgrid Program	$200 million, one-time	distribution component of rates	Program underdevelopment

Some of these IOU-funded programs are fully subscribed and have long waitlists. For example, in 2019 the CPUC established an equity resiliency budget as a special category in their SGIP program.[11] The SGIP program provides incentives for on-site distributed energy resources including renewable generation and storage technologies. The SGIP equity resiliency budget expanded upon earlier equity budget allocations, which reserved a portion of SGIP funds for customer projects in disadvantaged and low-income communities, but as of 2019, were wholly unsubscribed.[12]

The SGIP equity resiliency budget includes projects both located in a Tier 2 or Tier 3 high fire threat district and were either 1) eligible for the equity budget; 2) a medical baseline customer; or 3) a customer who has notified their utility that a loss of power may prove life-threatening. The SGIP equity resiliency budget likewise included a non-residential category where projects must be located in a Tier 2 or Tier 3 HFTD and provide critical services or critical infrastructure to a community that is eligible for the equity budget. These program adjustments, likely coupled with major PSPS events in 2019, resulted in long waitlists for these funds. By July 22, 2020, SGIP had $306.5 million in waitlisted Non-Residential Equity Budget applications and $20 million in waitlisted Residential Equity Budget applications.[13] The CPUC subsequently reallocated $100 million from an undersubscribed SGIP program category in order to address these long waitlists.[14]

The SGIP equity budget provides evidence of demand for funds to achieve some of the program goals highlighted by this bill, principally the demand for distributed energy resources and storage in disadvantaged and low-income communities impacted by climate events. However, the current allocation of the total electric IOU GHG auction proceeds, net the 15% statutory set-aside, far exceeds any existing program budget or waitlist, as shown in Table 1. *To ensure these funds meet an identifiable need but are not over-collected, the committee should consider reducing the annual allocation of GHG auction proceeds from 85% to 5%*.

Additionally, existing programs that utilize the electric IOU GHG auction proceeds as their funding sources automatically become funded through new public purpose program charges should the GHG auction allocation be reduced. Consequently, this could result in raising rates on electric customers. *To ensure that this migration to public purpose charges does not occur, the committee should consider raising the existing statutory cap*

[11] D. 19-09-027, *Decision Establishing a Self-Generation Incentive Program Equity Resiliency Budget, Modifying Existing Equity Budget Incentives, Approving Carry-over of Accumulated Unspent Funds, and Approving $10 Million to Support the San Joaquin Valley Disadvantaged Community Pilot Projects*, R. 12-11-005, issued September, 18, 2019.
[12] Pg. 6 of D. 19-09-027 "*As of April 15, 2019, no developer had sought and the PAs [Program Administrators] had not approved any equity budget project incentives…*"
[13] Findings of Fact # 8; D. 20-10-017, *Decision Addressing Petition for Modification of Decision 20-01-021 and Decision 16-06-055*, R. 12-11-005; issued October 23, 2020.
[14] *Ibid.*

on Climate Credit allocations from 15% to 20% to accommodate the additional funding for this bill.

3) *What is a critical community institution?* This bill defines a new entity, a "critical community institution," as one set of locations that would be eligible for EJCRH Program grants to upgrade these facilities. The author notes the desire for these locations to operate as "resilience hubs," in other words, community facilities that offer people space to gather, organize, and access services not only temporarily during climate disasters, but permanently. However, the scope of facilities included in this bill is broad, ranging from buildings – such as public libraries or food banks – to outdoor spaces – such as parks or land trusts. Additionally, unlike other provisions of this bill, the definition of a critical community institution is not limited in scope to only those facilities located in low-income or disadvantaged communities, seemingly counter to the author's intent.

   The CPUC, as part of its efforts to reduce the community impact of Public Safety Power Shutoff (PSPS) events, has adopted lists of critical facilities and infrastructure that have priority not only for notification during PSPS events but also priority for backup power through SGIP or other funds.[15,16] Additionally, the CPUC has directed the IOUs to identify community resource centers during states of emergency and PSPS events that open to provide spaces for the public to escape the elements, charge devices, and recover in the event a customer's home or business is impacted by such an event. *As the CPUC has already established a multi-stakeholder process to determine which public infrastructure best serves the function of a "critical facility," the committee may wish to consider striking the definition of "critical community institutions" as presented in this bill, and instead direct the CPUC to define the term for purposes of implementing this bill and specify the facilities must be located in a low-income or disadvantaged community.*

4) *Paying For It Twice?* This bill includes upgrades not only to public buildings and infrastructure but also to residential homes including both single-family and multifamily housing. As stated above, approximately 15% of electric IOU GHG auction proceeds fund four residential clean energy programs:

   a. SOMAH - $100 million per year or 10% of the IOUs' auction proceeds, whichever is less, to provide financial incentives for the installation of solar PV systems on multifamily affordable housing properties throughout California.

   b. DAC-SASH - $10 million per year for income-qualified homeowners in disadvantaged communities to receive no-cost rooftop solar installations.

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[15] Pg. 75 D.19-05-042; *Decision Adopting De-energization (PSPS) Guidelines (Phase 1 Guidelines);* R. 18-12-005. Issued June 4, 2019.
[16] Criteria 2 in Attachment B: SGIP Equity Resiliency Eligibility Matrix – Non-Residential Customers; version 2; Updated October 2020; D.19-09-027 and D.19-12-065 at 4-7 and D.20-07-015 at OP 2. https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/News_Room/NewsUpdates/2020/Attachment%20B%20SGIP%20Equity%20Resiliency%20Eligibility%20Matrix%20Non-Residential%20Customers,%20version%202.pdf

c. DAC-GT - Enables income-qualified, residential customers in disadvantaged communities who may be unable to install solar on their roofs to benefit from utility-scale clean energy and receive a 20% bill discount.

d. CSGT - Enables residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from a local solar project and receive a 20% bill discount.

These CPUC programs appear to target the same multifamily and single-family building upgrades as the EJCRH Program in this bill and arise from the same funding source – the California Climate Credit. *In an effort to avoid duplication in both the program goals and expenditures, the committee should consider striking all provisions in this bill related to residential housing upgrades*.

5) *What Counts as a Building Upgrade?* This bill establishes a grant program for building upgrades, but does not define what projects might qualify as building upgrades nor establish program goals for purposes of funding eligibility. This omission could have unintended consequences of program monies going to projects outside of the desired scope, duplication of existing programs, or GHG auction proceeds being used for projects that do not result in GHG reduction. *The committee may wish to consider amending this bill to direct the CPUC to establish eligibility criteria for building upgrade projects, and ensure such projects reduce GHG and criteria pollutant emissions, are located in low-income or disadvantaged communities, and do not duplicate existing programs.*

6) *Can Customers Opt-Out?* This bill requires approximately 85% of Climate Credit revenues to no longer be dispersed as a direct bill credit to customers, but rather redirected to fund the EJCRH Program. CARE and FERA customers are excluded from this redirection, allowing these customer classes to still receive their Climate Credit.

   This bill does aim to permit a non-CARE or non-FERA customer to effectively "opt-out" of the redirection, retaining their Climate Credit payments. Yet the mechanics of such an opt-out are unclear. This bill also does not specify whether and how the utilities inform their customers of their ability to opt-out. Such an opt-out is administratively laborious, can lead to program instability depending on how much customer migration occurs in any given billing cycle, and – depending on how it is advertised – could have the effect of little to no customer choice. *As the committee is contemplating reducing the funding allocation from 85% to 5%, the committee should also consider amending this bill to remove the opt-out provision to allow for more program stability and minimize customer confusion.*

7) *Sunset.* This bill permits the EJCRH Program to continue indefinitely, presumably until the electric IOU GHG funds are exhausted. *The committee should consider limiting funding for this program to June 30, 2027, to allow the Legislature the opportunity to revisit the program costs and impacts.*

8) *Related Legislation.*

AB 585 (Luz Rivas, 2021) Establishes the Extreme Heat and Community Resilience Program (Program) within the Office of Planning and Research to coordinate the state's efforts to address extreme heat and to facilitate the implementation of regional and state climate changes planning into effective programs. Includes establishing community resilience centers and supporting community resilience planning efforts and other activities consistent with the purposes of the Program. Status: Passed out of Assembly Committee on Natural Resources 9-0-2. In Committee – Assembly Appropriations.

AB 976 (Luz Rivas, 2021) Establishes the Resilient Economies and Community Health Pilot Program within the Strategic Growth Council. The pilot program seeks to enable eligible community-based organizations to provide a comprehensive suite of coordinated incentives and services to disadvantaged communities at the resident household level to provide economic savings, reduce GHG emissions and air pollution, and improve resiliency to the impacts of climate change. Status: Passed out of Assembly Committee on Natural Resources 8-0-3. In Committee – Assembly Appropriations.

9) *Prior Legislation.*

AB 2441 (Luz Rivas, 2020) establishes the Extreme Heat and Community Resilience Program (Program) within the Strategic Growth Council to coordinate the state's efforts to address extreme heat and to facilitate the implementation of regional and state climate changes planning into effective programs. Includes establishing community resilience centers and supporting community resilience planning efforts and other activities consistent with the purposes of the Program. Status: Died – Assembly Committee on Natural Resources.

AB 1144 (Friedman) required the CPUC to allocate at least 10% of the 2020 funds from SGIP for the installation of energy storage and other eligible distributed energy resources at facilities that provide critical infrastructure to communities in High Fire Threat Districts (HFTD) to support community resiliency. Status: Chapter 394, Statutes of 2019.

SB 700 (Wiener) extended the sunset date for SGIP by five years, required the CPUC to adopt requirements for storage systems to ensure that they reduce GHG emissions, and prohibits generation technologies using non-renewable fuels from obtaining SGIP incentives as of January 1, 2020. Status: Chapter 839, Statutes of 2018.

SB 1339 (Stern) required the CPUC, before July 1, 2019, to complete a proceeding to consider the role of microgrids in providing grid resiliency and for the CPUC and local publicly owned utilities (POUs) to establish a tariff for the use of microgrids. Status: Chapter 566, Statutes of 2018.

SB 1447 (Stern) required the CEC to develop a statewide market transformation initiative to transform the state's market for low-emission space and water heating equipment for new and existing buildings and to develop an incentive program to fund near-zero emissions technology for new residential and commercial buildings. The efforts are funded through a share of gas corporations' GHG emissions allowance revenues. Status: Chapter 378, Statutes of 2018.

SB 32 (Pavley) established a statewide 2030 GHG emissions target that is 40 percent below the 1990 emissions level. Status: Chapter 249, Statutes of 2016.

AB 693 (Eggman) established the Multifamily Affordable Housing Solar Roofs Program to provide financial incentives for qualified solar installations at multifamily affordable housing properties funded, from July 1, 2016 through June 30, 2020 with the possibility of a six year extension upon CPUC determination, from approximately 10% or $100 million, whichever is less, of electric IOUs' GHG allowances. (Public Utilities Code § 2870) Status: Chapter 582, Statutes of 2015.

AB 32 (Nunez) established limits on GHG emissions in California and designated CARB as the agency responsible for designing a market-based mechanism to reduce emissions to 1990 levels by 2020. Status: Chapter 488, Statutes of 2006.

10) *Double Referral.* This bill is double-referred; upon passage in this Committee, this bill will be referred to the Assembly Committee on Natural Resources.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Butte County
Acterra
Activesgv
Asian Pacific Environmental Network (APEN)
California Coastkeeper Alliance
California Environmental Justice Alliance
California Releaf
California Walks
Catholic Charities, Diocese of Stockton
Center for Community Action and Environmental Justice
Center on Race, Poverty & the Environment
Central Coast Alliance United for A Sustainable Economy
Ceres
Climate Compassion
Communities for A Better Environment
Converging Storms Action Network
Cooperation Humboldt
Courage California
Elders Climate Action, Norcal and Socal Chapters
Environmental Working Group
Esmeralda Marquez, Consultant
Essential Food and Medicine

Fossil Free California
Greenbelt Alliance
Grid Alternatives
Human Impact Partners
Industrial District Green
Little Manila Rising
Local Clean Energy Alliance
Local Government Commission
Los Angeles Neighborhood Land Trust
Natural Resources Defense Council (NRDC)
People Power Solar Cooperative
Physicians for Social Responsibility - Los Angeles
Re-up Refill Shop
Reclaim Our Power: Utility Justice Campaign
Regional Asthma Management and Prevention
Resilience Cooperation Humboldt
Romero Institute
Sacramento Area Congregations Together
Safe Routes to School National Partnership
Sierra Club California
Strategic Concepts in Organizing and Policy Education
Sunrise Bay Area
Sunrun
Surfrider Foundation
Sustainable Claremont
The Climate Center
The Greenlining Institute
Union of Concerned Scientists
University of California Los Angeles
Vote Solar

Support If Amended

California Solar & Storage Association

Oppose

California Large Energy Consumers Association
Edison International and Affiliates, Including Southern California Edison
Pacific Gas and Electric Company
Sempra Energy Utilities

Oppose Unless Amended

Agricultural Council of California
Building Owners and Managers Association of California
California Apartment Association
California Association of Realtors
California Building Industry Association (CBIA)

California Business Properties Association
California Chamber of Commerce
California Farm Bureau Federation
California Food Producers
California Manufacturers & Technology Association
Commercial Real Estate Development Association, Naiop of California
Independent Energy Producers Association
International Council of Shopping Centers
The Institute of Real Estate Management
Western States Petroleum Association

Analysis Prepared by: Laura Shybut / U. & E. / (916) 319-2083