
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

Senator Ben Hueso, Chair

2021 - 2022 Regular

Bill No:	SB 560	Hearing Date:	4/26/2021
Author:	Rubio		
Version:	2/18/2021	Introduced	
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: Climate Pollution Reduction in Homes Initiative: grants

DIGEST: This bill establishes the Climate Pollution Reduction in Homes Initiative and requires the California Energy Commission (CEC) to administer the initiative to provide grants for projects, including, but not limited to, those that provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances, low-income weatherization projects to improve air quality and public health in low-income communities, and technology to address deenergization events.

ANALYSIS:

Existing law:

- 1) Establishes programs designed to provide long-term reductions in energy consumption by low-income household dwelling units, including assistance for the purchase of energy-efficient appliances. (Public Utilities Code §2790)
- 2) The Energy Conservation Act of 2001 requires the State Energy Resources Conservation and Development Commission to establish a grant program to provide financial assistance to eligible low-income individuals for constructing and retrofitting buildings to be more energy efficient by using design elements, including, among other things, the use of products certified by the CEC as energy-efficient zone heating products. (Public Resources Code §25433)
- 3) Establishes the Building Initiative for Low-Emissions Development (BUILD) Program to require gas corporations to provide incentives to eligible applicants for the deployment of near-zero-emission building technologies to significantly reduce the emissions of greenhouse gases (GHGs) from those buildings below the minimum projected emissions reductions that would otherwise be expected to result from the implementation of the prescriptive standards described in Section 150.1 of Subchapter 8 of Part 6 of Title 24 of the California Code of Regulations. (Public Utilities Code §921.1)

- 4) Requires the California Public Utilities Commission (CPUC) to develop and supervise the administration of the Technology and Equipment for Clean Heating (TECH) Initiative, a statewide market development initiative, to require gas corporations to advance the state's market for low-emission space and water heating equipment for new and existing residential buildings through upstream market development, consumer education, contractor and vendor training, and the provision of upstream and midstream incentives to install low-emission space and water heating equipment in existing and new buildings, with technologies identified pursuant to subdivision (b). (Public Utilities Code §922)

This bill:

- 1) Establishes the Climate Pollution Reduction in Homes Initiative and requires the CPUC to administer the initiative to provide grants for projects, including, but not limited to, those that provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances and low-income weatherization projects to improve air quality and public health in low-income communities, and technology to address deenergization events.
- 2) Defines "low-income household" means a person or family with a household income at or below 60 percent of the statewide median income.
- 3) Defines "low-income community" means a census tract where the median income of households in the census tract is at or below 60 percent of the statewide median income for purposes of the initiative.

Background

State has many energy assistance programs. There are several energy assistance programs to help low-income residents and households. These include:

- *Energy Savings Assistance (ESA) Program.* The ESA Program is one of the state's oldest energy assistance programs, with origins in a 1983 decision by the CPUC, and one of the key assistance programs administered by the state's four largest investor-owned energy utilities. The ESA Program offers no-cost energy efficiency measures and non-energy benefits for income-qualified households. Services provided include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weather-stripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs that reduce air infiltration. In providing these energy efficiency and weatherization measures, the ESA Program is able to help

low-income families reduce energy consumption and optimize a more efficient use of energy, while improving quality of life and comfort. Both participating and non-participating ratepayers fund the ESA Program via a surcharge on electric and gas utility bills.

- *Low-Income Home Energy Assistance Program (LIHEAP)*. LIHEAP is a federally funded program administered through the California Community Services and Development Department (CSD) and its network of local government and nonprofit providers. LIHEAP provides one-time emergency utility bill assistance for eligible customers of any electric or gas utility in the state. The LIHEAP also provides some weatherization assistance, although more limited than the ESA Program.
- *Weatherization Assistance Program (WAP)*. The United States Department of Energy's WAP is administered by CSD and its network of providers in California. WAP helps reduce energy usage and costs by providing services intended to improve energy efficiency in the homes of eligible low-income households.
- *Other Energy Assistance Programs*. In addition to the programs noted above, there are additional assistance programs to help low-income customers. Most notably, in previous years, the state has also provided funding for energy assistance programs, through the greenhouse gas reduction fund (GGRF), for a Low-Income Weatherization Program (LIWP) also administered by CSD and which largely provide solar installations on eligible homes. The CPUC also administers a number of programs that provide financial assistance, in many cases for solar other distributed energy resources including energy storage batteries, with some funding targeted at low-income or disadvantaged communities. These programs include: the Self Generation Incentive Program (SGIP) and Solar on Multifamily Affordable Housing.
- *SB 1477 BUILD and TECH programs*. SB 1477 makes available \$50 million annually for four years, for a total of \$200 million, derived from the revenue generated from the GHG emission allowances directly allocated to gas corporations and consigned to auction as part of the California Air Resources Board's (CARB's) Cap-and-Trade program. The CPUC decision appropriates 40 percent of the \$200 million budget for the BUILD Program and 60 percent for the TECH Initiative. The BUILD Program is administered by the CEC with CPUC oversight. Per the CPUC direction, the CEC should aim to design the BUILD Program with the goal to deploy near-zero emission building technologies in the largest number of new residential

housing units possible. To achieve that aim, at least 30 percent of the total \$200 million in total funding authorized by SB 1477 (i.e., \$60 million) is appropriated for new low-income residential housing under BUILD Program.

SB 560. The author notes SB 560 “attempts to empower disadvantaged communities, who have historically not received this type of financial assistance to switch to lower-carbon-emitting appliances.” This bill requires the CEC to establish a grant program for low-income communities and households that include implementation of projects (1) in furtherance of the BUILD program, (2) energy efficiency and weatherization for the purchase of zero-carbon emitting appliances and technology to address electric IOU deenergization events, and (3) low-income weatherization projects from the LIWP.

Where’s the funding? As currently drafted, this bill does not note the funding source for the proposed grant program. In conversations with the author’s office and sponsor, they both expressed a hope that funds would be appropriated from either a future bond or as part of the budget, perhaps including new federal funds, General Fund, or GGRF. *With that in mind, the author and committee may wish to amend this bill to clearly state the need for a legislative appropriation.*

Need to narrow this bill. This bill would encompass a number of assistance programs, including energy efficiency, planning and technology for deenergization events, furtherance of the BUILD program targeting new homes. However, the author’s office has noted their priority to support appliance replacement for eligible low-income households to support reducing GHG emissions. Therefore, there is a need to narrow list of eligible use to those that will help reduce emissions from cooking, space and water heating, fireplaces, and other residential carbon-emitting sources. *The author and committee may wish to amend this bill to narrow the list of eligible uses to those consistent with the author’s intent to target appliances that help residents reduce GHG emissions.*

Who should administer? As currently drafted, this bill would be administered by the CEC. However, these programs may be better placed at CSD, with its network of local government and nonprofit providers, and long history administering a number of the other energy assistance programs for low-income households and communities. *As such, the author and committee may wish to amend this bill to have CSD administer the program, in consultation with the CEC.*

Prior/Related Legislation

SB 756 (Hueso, 2021) would define “low-income customers” for the purposes of eligibility for the ESA Program to mean low-income persons or families with household income at or below 250 percent of federal poverty level, instead of the current 200 percent of federal poverty.

SB 1035 (Rubio, 2020) would have established the Climate Pollution Reduction in Low-Income Homes Initiative. The bill would have required the CEC to administer the initiative to provide grants to eligible entities to provide financial assistance to low-income households for the purchase of low-carbon-emitting appliances. The bill died in the Senate Committee on Energy, Utilities and Communications.

SB 1477 (Stern, Chapter 378, Statutes of 2018) required the CPUC, in consultation with the CEC, to develop and administer a program to require gas corporations to provide incentives for near-zero and zero-emissions building technologies to significantly reduce the emissions of GHGs from those buildings below the minimum projected emissions that would otherwise be expected to result from the implementation of the state's building standards.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

Central Coast Energy Services, Sponsor
Community Resource Project
Elders Climate Action, NorCal Chapter
Elders Climate Action, SoCal Chapter
Spectrum Community Services

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

SB 560 will create a program, administered by the California Energy Commission, to assist low-income households who want to transition to lower-carbon-emitting appliances. Historically, low-income communities have disproportionately shouldered the burdens of poor air quality and high energy costs. As we move forward to meet our clean energy mandates, it's time for California to empower low-income communities to lead the charge.

Furthermore, by 2022, energy costs are predicted to increase between 6 and 30%.¹ If this increase is not balanced out by appliance energy savings, the families we provide services to may no longer be able to afford their utility bills. Nearly 4.5 percent of low-income families' monthly income goes towards energy costs, which is twice the regional median.

-- END --

¹ https://ww2.energy.ca.gov/research/notices/2019-06-06_workshop/2019-06-06_Future_of_Gas_Distribution.pdf