

Gas Infrastructure Equity Workshop

R.20-01-007: Long Term Gas Planning Rulemaking, Track 2

Staff Workshop

March 29, 2022

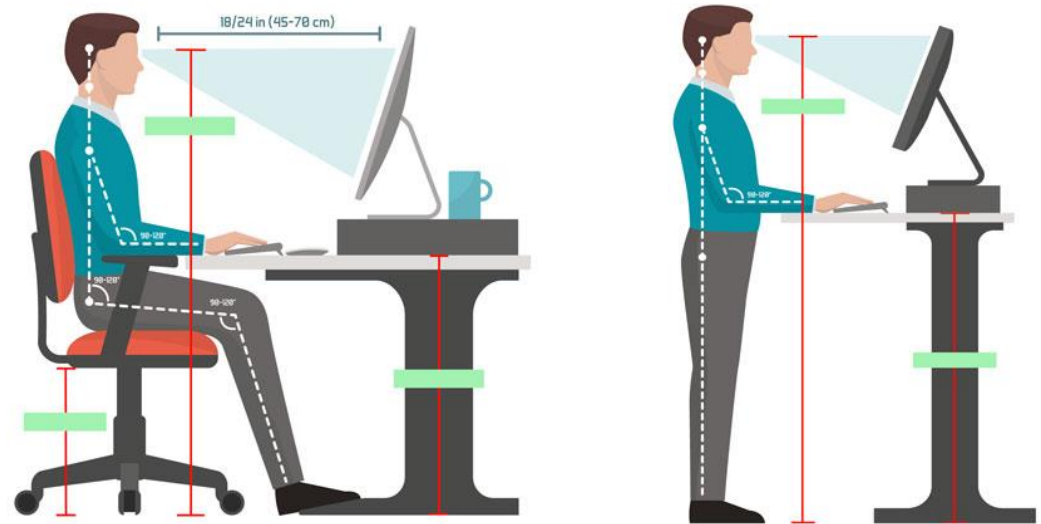


California Public
Utilities Commission

Workshop Logistics

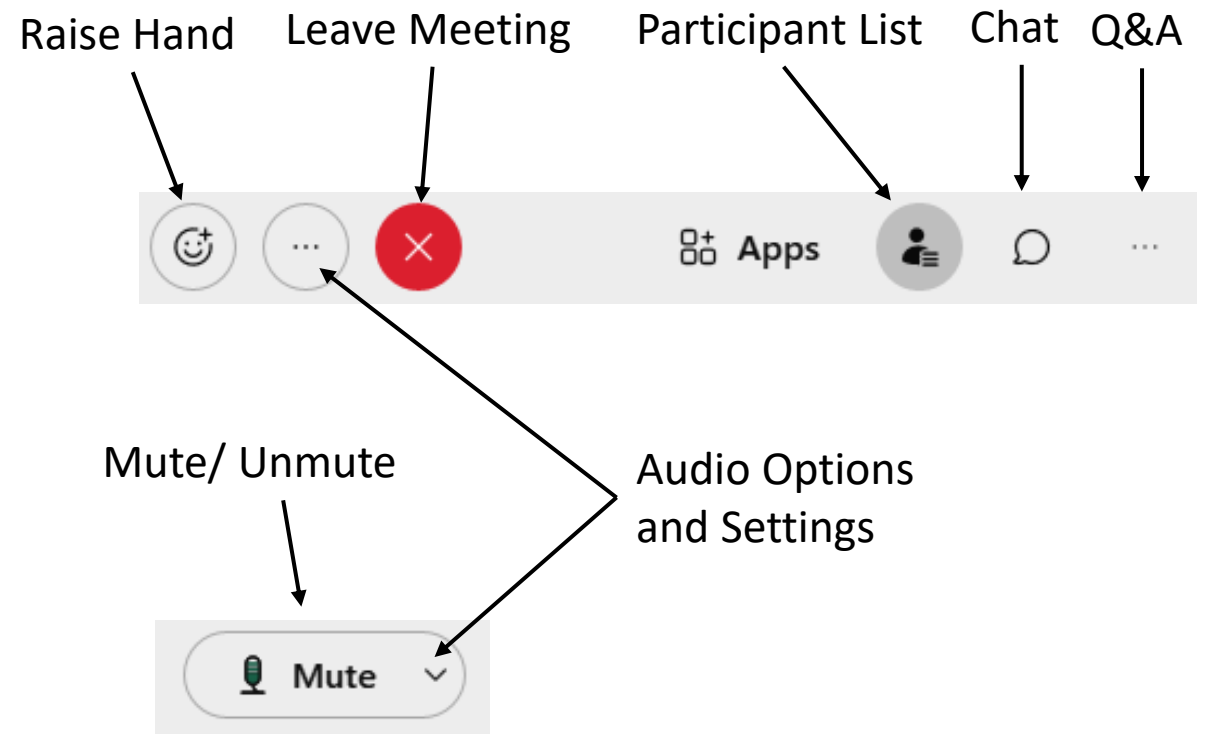
- Online only
 - Audio through computer or phone
 - Toll-call-in: 1-415-655-0002
 - Access code: 2497 390 8390
 - ***This workshop is being recorded***
- Hosts:
 - Energy Division Staff:
 - Jean Spencer
 - Renee Guild
 - Karin Sung

- Safety
 - Note surroundings and emergency exits
 - Ergonomic Check



Workshop Logistics

- Today's presentations (.pdf) and agenda are available on the CPUC's long-term gas planning OIR website.
- Please submit questions for panelists in the chat box or use the "raise hand" feature to verbally ask a question.



Ground Rules

- Workshop is structured to stimulate an honest dialogue and engage different perspectives.
- Keep comments friendly and respectful.
- Chat feature is only for Q&A or technical issues. Please do not start or respond to sidebar conversations.

Commissioner Remarks

CPUC Overview of Environmental & Social Justice Action Plan

March 2022



California Public
Utilities Commission



Environmental Justice

According to the U.S. EPA: *fair treatment* and *meaningful involvement* of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

Environmental and Social Justice

As defined in the ESJ Action Plan: predominantly communities of color or low-income communities that are **underrepresented** in the policy setting or decision-making process, **subject to a disproportionate impact** from one or more environmental hazards, and are likely to **experience disparate implementation** of environmental regulations and socioeconomic investments in their communities.

About the ESJ Action Plan

- Operating framework with which to integrate ESJ considerations throughout the agency's work.
- Version 1.0 adopted in February 2019.
- Consists of:
 - 9 overarching goals with clear objectives
 - 94 concrete action items to ensure agency-wide collaboration, accountability, and forward movement in meeting ESJ principles.



Nine Environmental and Social Justice Goals

1. Consistently **integrate equity and access considerations** throughout CPUC proceedings and other efforts.
2. **Increase investment in clean energy resources** to benefit ESJ communities, especially to improve local air quality and public health.
3. Strive to **improve access to high-quality water, communications, and transportation services** for ESJ communities.
4. Increase **climate resiliency** in ESJ communities.
5. **Enhance outreach and public participation** opportunities for ESJ communities to meaningfully participate in the CPUC's decision-making process and benefit from CPUC programs.
6. **Enhance enforcement** to ensure safety and consumer protection for ESJ communities.
7. **Foster high road employment** opportunities and career paths for residents of ESJ communities.
8. **Improve training and staff development** related to ESJ issues within the CPUC's jurisdiction.
9. **Monitor the CPUC's ESJ efforts** to evaluate how they are achieving their objectives.



Examples of Action Items Draft V.2

EQUITY & ALIGNMENT

- 1.1.5 ESJ Definitions: Catalogue and Assess Opportunities for Mutual Eligibility
- 8.2.1 Alignment with Upcoming Racial Equity Action Plan
- 8.1.1 Division-Specific Training on Incorporating ESJ Issues into Proceedings

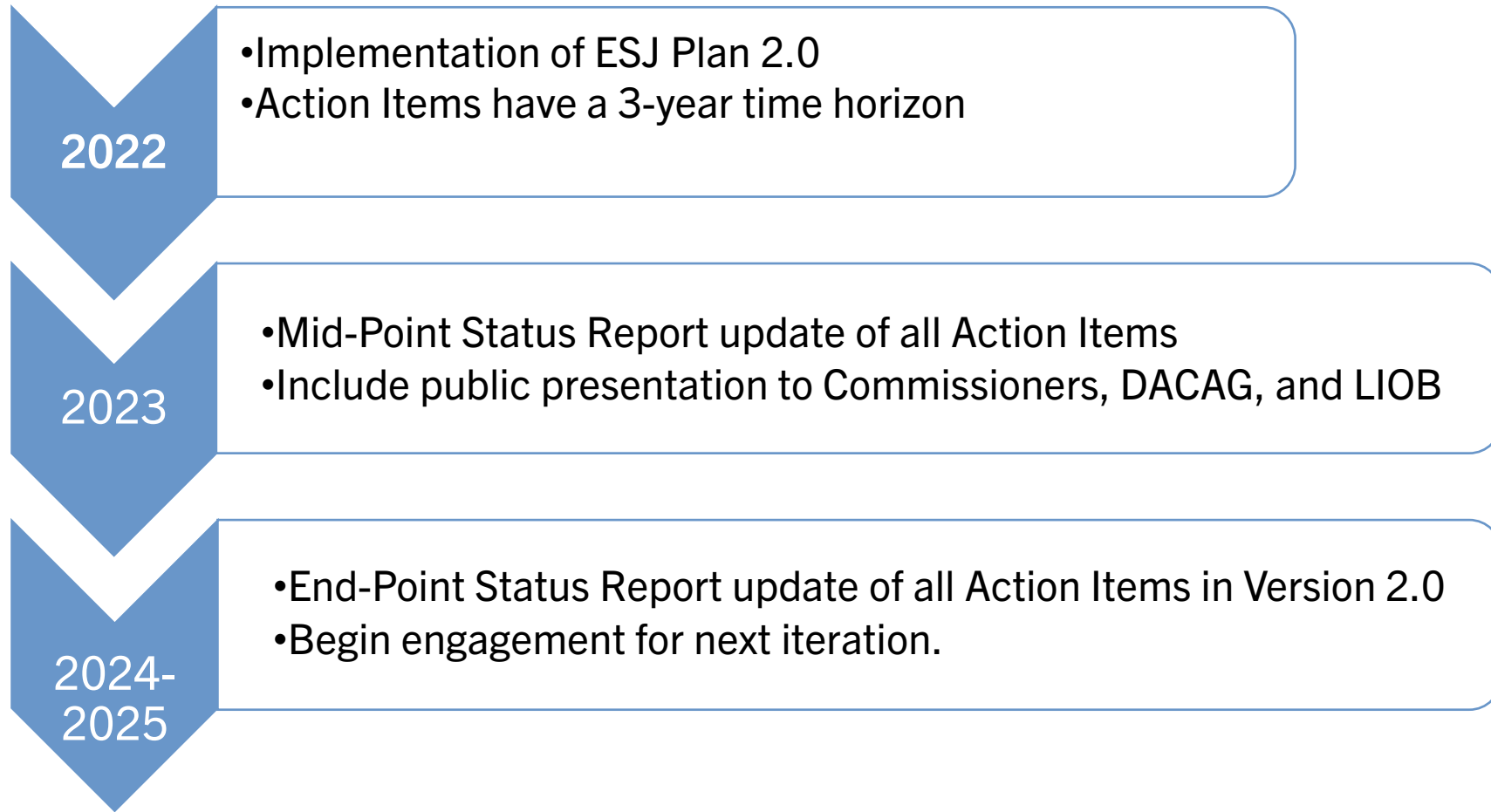
INCREASE ACCESS AND ENGAGEMENT

- 1.2.5 Regular "Participate in CPUC" Sessions
- 3.3.2 Homeless Encampments: Continued Collaboration with Local Governments
- 5.4.1 Engage and Serve Communities with Access and Functional Needs

TRAINING & METRICS

- 2.2 Research & Analysis to Understand Impact
- 8.2.4 Meeting Facilitation Training for Staff
- 9.1.1 Metrics to Measure Benefit, Impact, Community Outreach & Engagement
- 9.1.2 Data Collection: Standardizing Data Requests & Key ESJ Indicators

Accountability



Disadvantaged Community Advisory Group

- Established in SB 350
- 11-members from or representing DACs (underserved communities) and reflecting the diversity in CA.
- Advises the CPUC and the CEC on the development, implementation, and impacts of clean energy and transportation programs.



DAC AG: Equity Framework

“Guides the Advisory Group as it moves forward in discussing and commenting on various proceedings and programs before the CPUC and CEC ensuring that access and adequate resources reach the implementation stage and benefit communities in a meaningful and measurable way.”

- Health and Safety
- Access and Education
- Financial Benefits
- Economic Development
- Consumer Protection

THANK YOU!

Nicole Cropper | Office of the Commission

Nicole.Cropper@cpuc.ca.gov



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Utilities Commission

Long-Term Gas Planning Rulemaking: Track 2

Planning for a decarbonized future while ensuring safety, reliability, and just and reasonable rates during the transition

March 29, 2022

Jean Spencer
Gas Policy & Reliability



California Public
Utilities Commission

Track 2

- Track 2a (Underway)
 - Gas Infrastructure
- Track 2b (Begins in October 2022)
 - Safety
 - Equity
 - Gas Revenue and Rate Design
 - Workforce Issues
- Track 2c (2023)
 - Data
 - Process

Track 2a: Gas Infrastructure: Key Issues

- Should the Commission require site-specific approval for gas infrastructure projects above a certain size?
 - Opening Briefs: 2/28 [Proceeding - Documents \(ca.gov\)](#)
 - Reply Briefs: 4/1

Proposed Decision
expected by July 2022



Track 2a: Gas Infrastructure: Key Issues

- Priority for decommissioning distribution lines:
 - Community characteristics
 - Cost savings
 - Pipeline safety



Track 2a: Gas Infrastructure: Key Issues

- Role of storage
- Obligation to serve

A decision is expected in September 2022.



Track 2b: Equity, Rate Design, Revenues, Safety, and Workforce Issues

- Equity:
 - Barriers to electrification faced by low-income and disadvantaged communities
 - Actions the CPUC could take to address those barriers.
 - Pilot projects are not currently planned but may be considered
 - Gas OIR team is coordinating with the CPUC's Building Decarbonization team and with the CEC on its pilot projects
- Rates and Revenue:
 - Should the Commission consider strategies such as securitization, fixed charges, or accelerated depreciation to mitigate future rate impacts?
- Safety:
 - How should the Commission balance safety with cost concerns?
- Workforce
 - How can negative impacts on the gas workforce be mitigated?

A workshop on equity will be held March 29, and additional workshops on these issues will be held in October 2022. A decision is expected in mid-2023.

Track 2c: Data and Process

- Data:
 - What data on the utility's gas infrastructure is needed to assist in long-term planning?
 - What data is needed to better forecast future demand?
- Process:
 - Should the gas utilities be required to submit a decarbonization plan with a 10-year outlook on a regular schedule?

Thank you

March 29, 2022

Jean Spencer
Gas Policy & Reliability



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Los Angeles Building Decarbonization

Impact on Renters
Challenges and Opportunities



Strategic Actions for a Just Economy (SAJE)



- Founded in 1996
- Based in South Los Angeles
- Membership based
- SAJE is a force for economic justice in our community focusing on tenant rights, healthy housing, and equitable development
- Organizing, outreach and education, and policy work

REPORT OUTLINE

- Methodology
- Overview of LA Housing Crisis
- Tenant impacts of building decarbonization in Los Angeles
- Policy models
- Benefits of Decarbonization for Tenants
- Recommendations

Los Angeles Building Decarbonization: Tenant Impact and Recommendations

LA's Ongoing Tenant Crisis



- Escalating market rents
- Lack of affordable housing
 - Shortfall of 184,721 units
- High rates of rent burden
- Rise in corporate ownership
- Harassment, eviction, displacement

Challenges/ Risks



- Greater rent burden
- Displacement of low income tenants
- Greater corporate ownership of rental housing



Decarbonization can be expensive

- A decarbonization retrofit can surpass \$20,000
- **Costs:**
 - All electric appliances
 - Building improvements
 - Gas disconnection
 - Electrical panel upgrades
 - Labor

Costs can be passed onto tenants

Law	Coverage	Provisions on Building Upgrades
Los Angeles Rent Stabilization Ordinance (RSO)	Tenants in buildings constructed on or before Oct. 1, 1978 with some exceptions.	Up to 100% of costs can be passed through under existing cost recovery programs
California AB 1482	Tenants in buildings at least 15 years old and not otherwise covered by RSO with some exceptions.	Tenants can be evicted for substantial remodel with a compensation of one month's rent
NONE	Tenants in buildings constructed in the last 15 years	No protections from rent increases or evictions

Local Cost Recovery Programs

Program	Use	Percentage of cost recovery	Amortization	Maximum monthly rental increase	Duration
Primary Renovation Work Program	Construction work that requires a Tenant Habitability Plan such as insulation improvements, upgrading electrical paneling, and improving cooling and heating systems	100	180 months	10%	Permanent Phased in 50% Year 1 & 50% Year 2
Capital Improvement Program	Exterior painting, landscaping, flooring, fixtures, doors, windows, fences, security items, meter conversions, major appliances, screens, and window coverings	50	60 months	\$55	Temporary 72 months, or until the total amount approved is collected
Rehabilitation Work Program	Mandated work required by a change in the building code or aftermath of natural disaster	100	60 months	\$75	Temporary 60 months or until the total amount approved is collected
Seismic Retrofit Work Program	Mandated work applying to about 12,000 soft story buildings	50	120 months	\$38	Temporary 120 months This time limit can be extended

Decarbonization requirements could put tenants at higher risk of displacement

- The RSO's vacancy decontrol provision allows rents to be reset to market rate after a tenant vacates the unit.
- This creates a financial incentive to replace long-standing tenants



Harassment

- Landlords will use harassing conduct to illegally evict long-standing tenants in order to charge higher rents

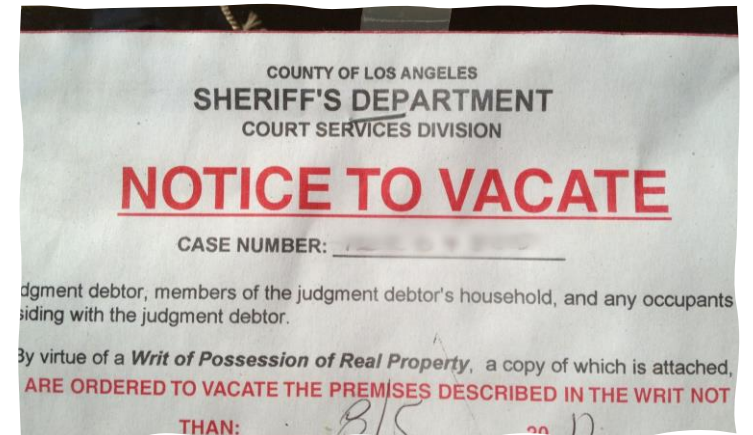
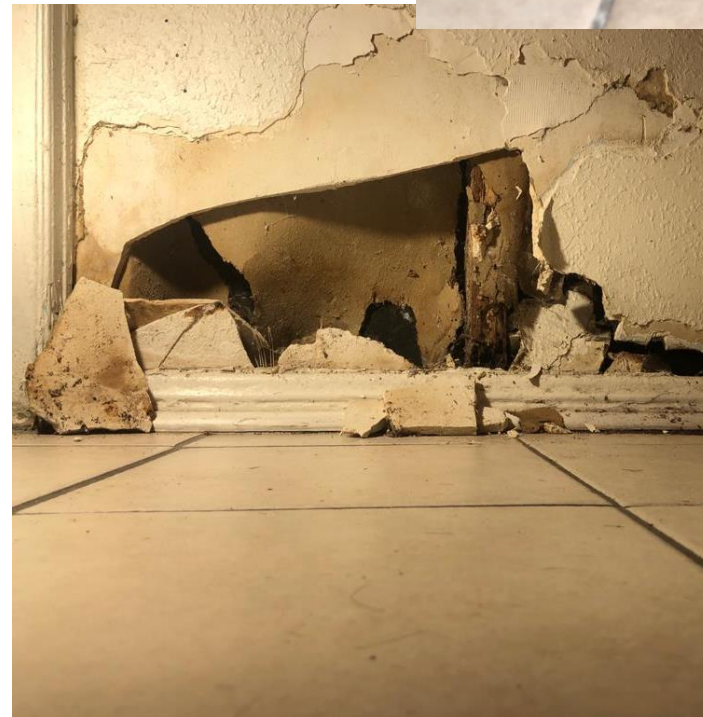


Photo credit: Laist, Flickr, Wikimedia, KNOCK-LA

Habitability issues in housing

- Renters suffer from issues that contribute to health problems and disease



Opportunities



SAJE
STRATEGIC ACTION PLAN FOR A JUST ECONOMY

Improved Health



Photo credit: futurity.org

- Natural gas appliances create unhealthy air quality
- Health effects include respiratory problems,
- Eliminating gas directly improves air quality

Improved Housing Quality

- Poor housing quality includes problems like mold, pest infestations and uncomfortable temperatures
- A holistic approach to decarbonization could include the remediation of indoor health hazards



Recommendations

- Include tenant protections in any decarbonization effort, such as mandates, incentive programs, rebates, and direct install programs
- Target decarbonization programs to low-income customers and disadvantaged communities
- Prohibit rent increases for subsidized upgrades
- Involve Community Based Organizations in tenant outreach and execution of programs to help reach tenants most in need and act as enforcer of existing protections
- Engage local housing agencies regarding enforcement of tenant protections
- Take holistic approaches to retrofit work that includes remediation of habitability issues

Thank you

March 29, 2022

Chelsea Kirk
Policy Analyst, Strategic Actions for a Just Economy (SAJE)
Principal Author of Los Angeles Building Decarbonization: Tenant Impact and Recommendations



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High Sierra Energy Foundation

- Nonprofit, founded in 2005, to promote the culture of energy efficiency and sustainability in the Eastern Sierra (Inyo and Mono Counties)
- Partner in RuralREN Energy Efficiency Business Plan Submission
- Regional Partner for the SoCalREN Public Agency and Multi-Family Energy Efficiency Programs
- Implementor of the Eastern Sierra Green Business Program (California Green Business Network)
- Community Initiatives – Inyo County Small Business Development Center Energy Efficiency Demonstration Center
- Statewide Public Goods Program Funded Outreach
- Administered CDFA Healthy Stores Grant
- Youth Education



Inyo and Mono Counties

- The Land of Extremes
 - Landmass
 - Population
 - Climate
 - Income
 - Housing Shortage/Second Home Owners



Area Characteristics

- No natural gas due to the rural nature of the region
- Percentage of Renters
 - Unincorporated Mono County – 24.5%
 - Mammoth Lakes – 60%
 - Unincorporated Inyo County – 28%
- Percentage of Penetration of CARE-Eligible Enrolled Ratepayers
 - Inyo County – 73%
 - Mono County – 43%
- Both counties lower AMI than the rest of the California
- Cost of Propane
 - Variable, currently over \$4/gallon



Housing Characteristics

- In Mono County, there are more residences than people.
 - 41% Single Family – 59% Multi Family
- In Mammoth Lakes, almost 60% of homes are seasonal, recreational or occasionally occupied
- Almost 25% of homes in Inyo County are mobile homes
- Percentage of Homes Built Before 1979
 - Inyo County – 65%
 - Mono County - 56%



Housing Stock

Mix of mobile homes, large condo complexes, older apartments, limited affordable housing projects, single-family residences and mega mansions.



Impact of PSPS Events

- Mono County (47 circuits combined)
 - Total deenergize events: 55
 - Total times in monitoring: 351; 688 days
 - Total time deenergized: 845 hours
- Generator Permits in Mammoth Lakes increased four-fold first year after of PSPS events
- Worked with small public agencies who qualified for SGIP Equity + Resilience to install storage
- Antidotally, it solidified continued support for woodburning stoves, landline phone service, fuel snowblowers



Organizational Involvement

- Our goal is to connect people to energy and environmental programs and funding sources
- Will engage our local communities and contractors, if the RuralREN is approved, through the Residential and Codes and Standards and Workforce Training programs
- Currently, limited knowledge of heat pump technology and concern from the contractor community with their efficacy in cold climates
- Currently, limited uptake in electrification



Resources, or lack of...

- Not eligible for the TECH Clean California, Building Initiative for Low-Emissions Development (BUILD) Programs and most other IOU rebates
- The Switch Is On
 - Only available resources available in our region:
 - Loaner Induction Stove (pick up in Lawndale)
 - \$50 Rebate on Electric Battery Pack
- Harder to compete for affordable multifamily project funding without layered incentives to exceed code



Considerations

- Funding needed for incentives in areas without IOU-support
- Community Microgrids to support Emergency Centers, including hyper-rural, hard-to-reach areas
- Everything that is considered for extreme heat, should be considered for extreme cold
- Limited new construction, so focus needs on retrofit/rehab and unoccupied buildings
- Consider expanding Tariff On Bill



Thank you

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Pam Bold
Executive Director, High Sierra Energy Foundation



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West Oakland Environmental Indicators Project



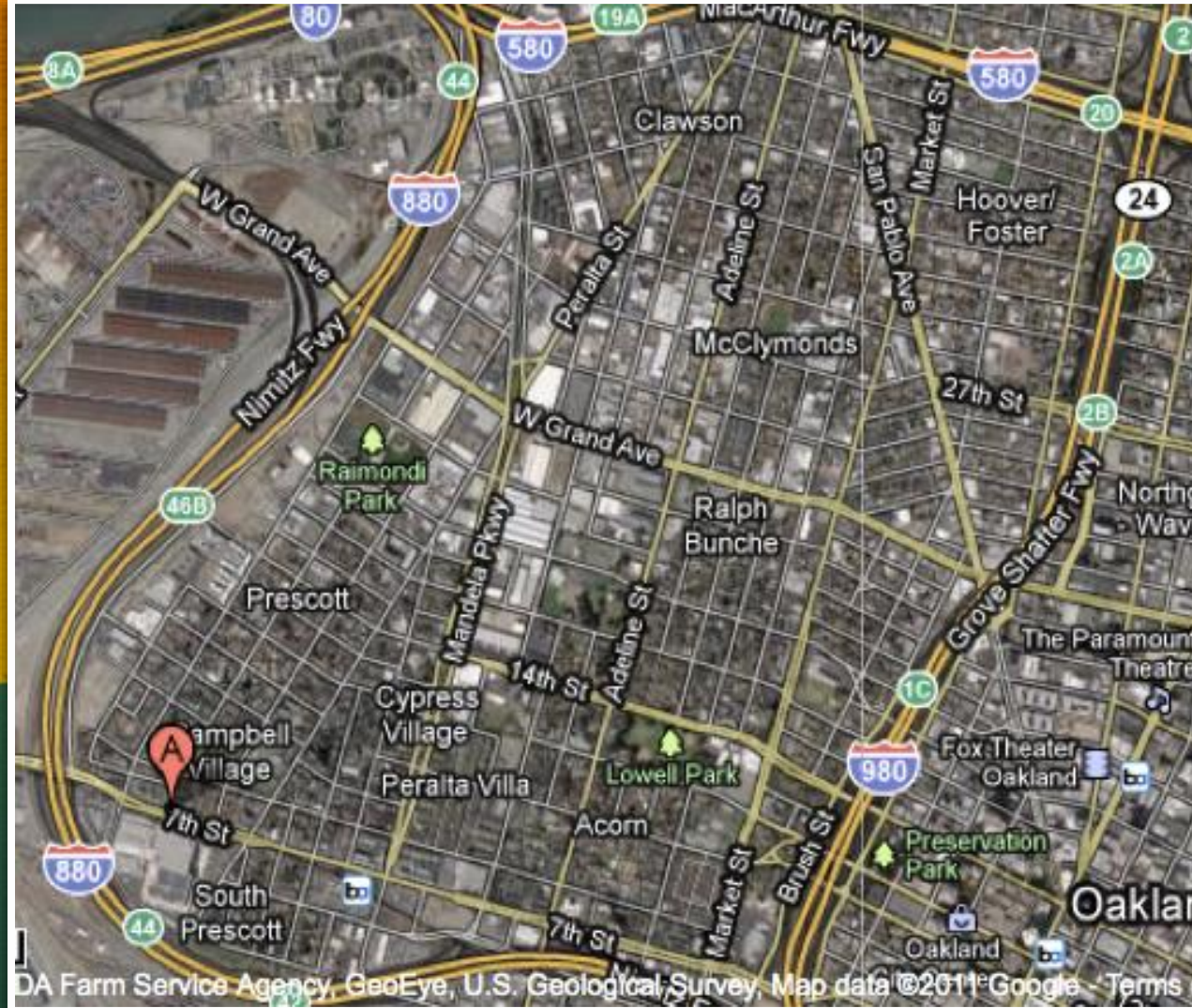
San Francisco Bay Area



©2011 Google - Imagery ©2011 TerraMetrics

Our Mission

- Increase environmental justice, public health, air quality and land-use awareness
- Encourage environmental justice education and solutions to problems facing West Oakland residents who bear the brunt of disproportionate exposure
- Provide motivational leadership development to West Oakland residents
- Inform the neighborhood of advocacy tools, help set priorities, foster political education, and make research and data available



West Oakland

Children living near freeways in urban Oakland are hospitalized for asthma at 12 times the rate of youths in the city's more affluent, greener suburb of Lafayette

7th St & Willow St



History of West Oakland

- Heavy industrial pollution from port and associated activities
- Cypress Freeway divided neighborhood
- Lack of grocery store for decades
- Neighborhood starved of resources
- Chronic unemployment



How I became an activist



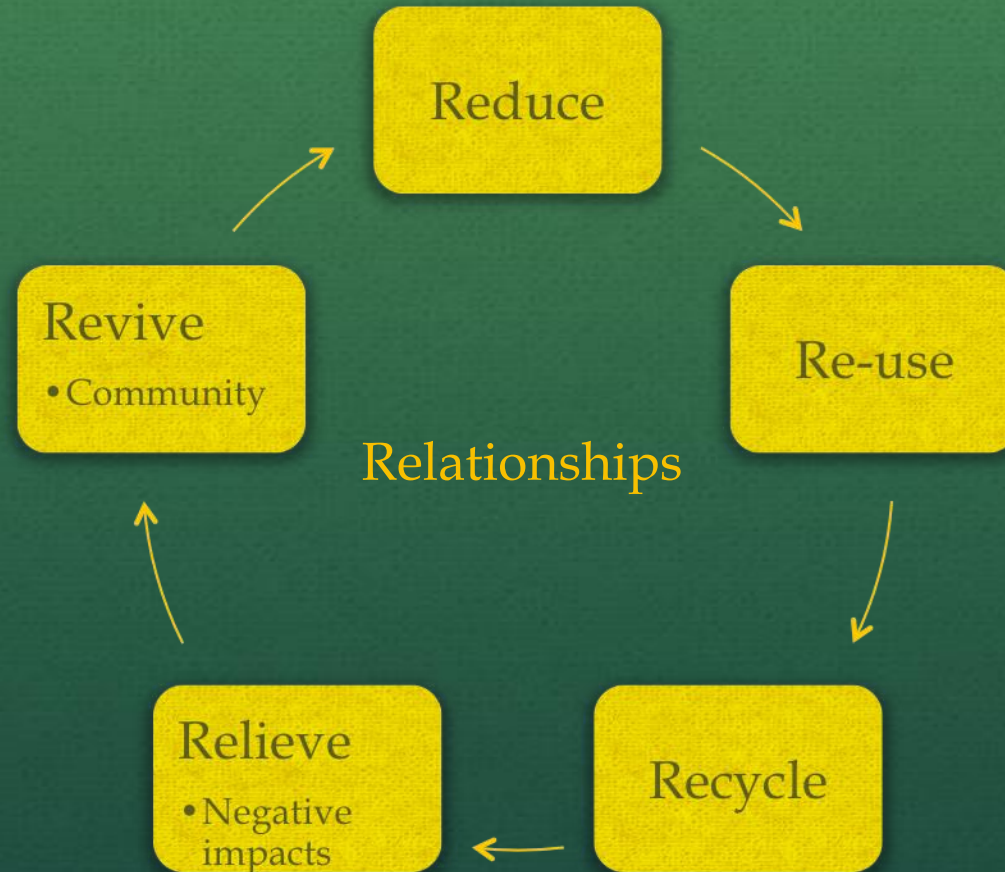
- 1995- Vinyl chloride discovered during PG&E construction of freeway
- 1999- Began training with Pacific Institute:
 - Risk factors to public health
 - Strategies to mitigate emissions
- 2004- Co-founded West Oakland Environmental Indicators Project

Achievements



- 2007- Appointed Port Commissioner
- 2010- Appointed to US EPA Clean Air Act Advisory
- 2010- Awarded Purpose Prize

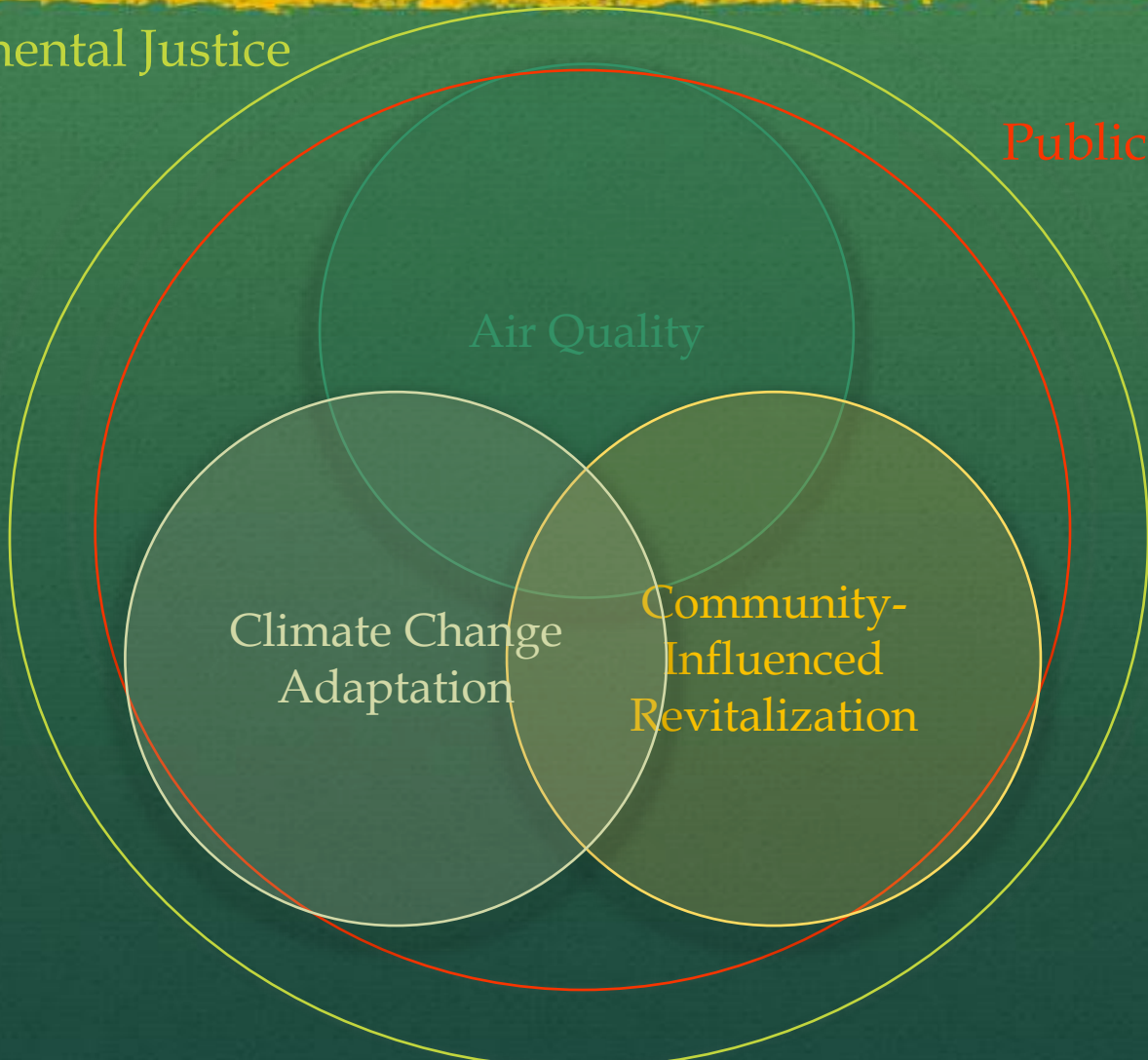
Our Method of Environmental Justice



What we do

Environmental Justice

Public Health



Air Quality

Climate Change
Adaptation

Community-
Influenced
Revitalization

Program Areas

- Air Quality
 - Indoor Air Quality- Healthy Homes
 - Outdoor Air Quality- Ditching Dirty Diesel
- Community-Influenced Revitalization
 - Removing recyclers from the neighborhood
 - Ensuring that West Oakland redevelopment helps revive community
- Climate Change Adaptation
 - Helping provide residents with energy security, protection from flooding

Tools we Use

- Research
 - Community-based participatory research
- Education
 - Hands-on skills development
- Outreach
 - Community members
 - Other organizations, Sharing our methodology
- Base Building
- Leadership Development
- Advocacy

Air Quality

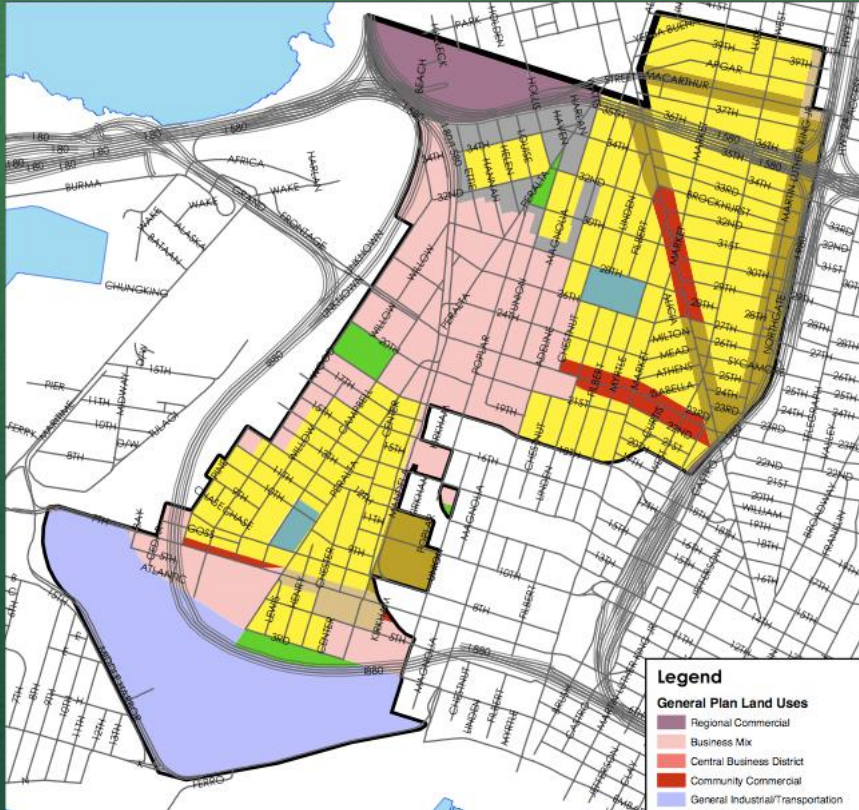
Common Sense Project- with Intel Labs Berkeley

Provides opportunity to:

- Engage citizens in air quality monitoring and management practices
- Fill in the gaps in state monitoring networks, and
- Use new data sources for scientific research.



Community-Influenced Revitalization

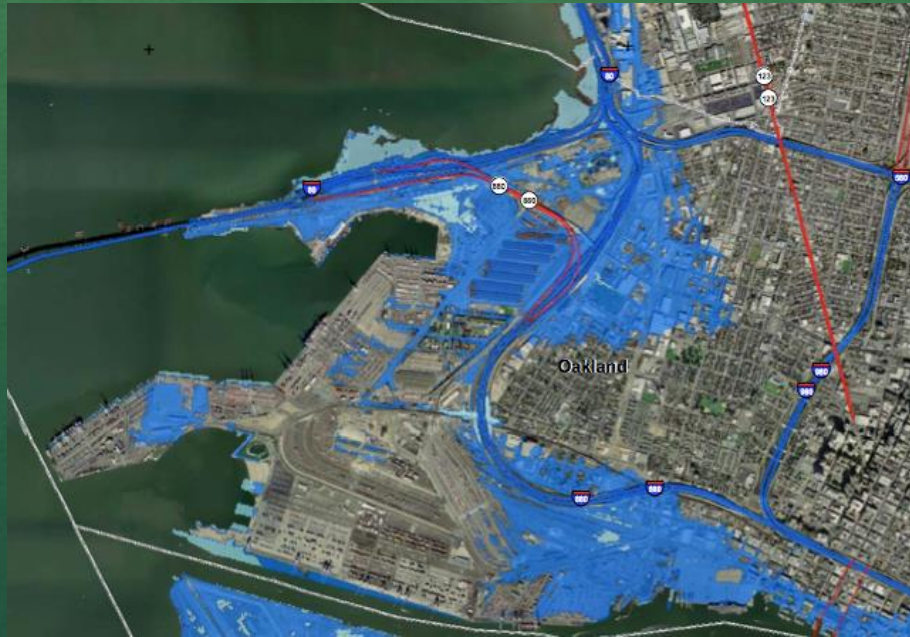


West Oakland Land Use Planning

Oakland Redevelopment Agency

- We work with city and regional planners, regulators, policy makers and business to improve the community
- Participate in West Oakland Project Area Committee since 2003
- Created roadmap to identify brownfields with Department of Toxic Substances and Control
- Work to remove industrial recyclers and trucking from the residential neighborhood

Climate Change Adaptation



Predicted sea-level rise

-Pacific Institute

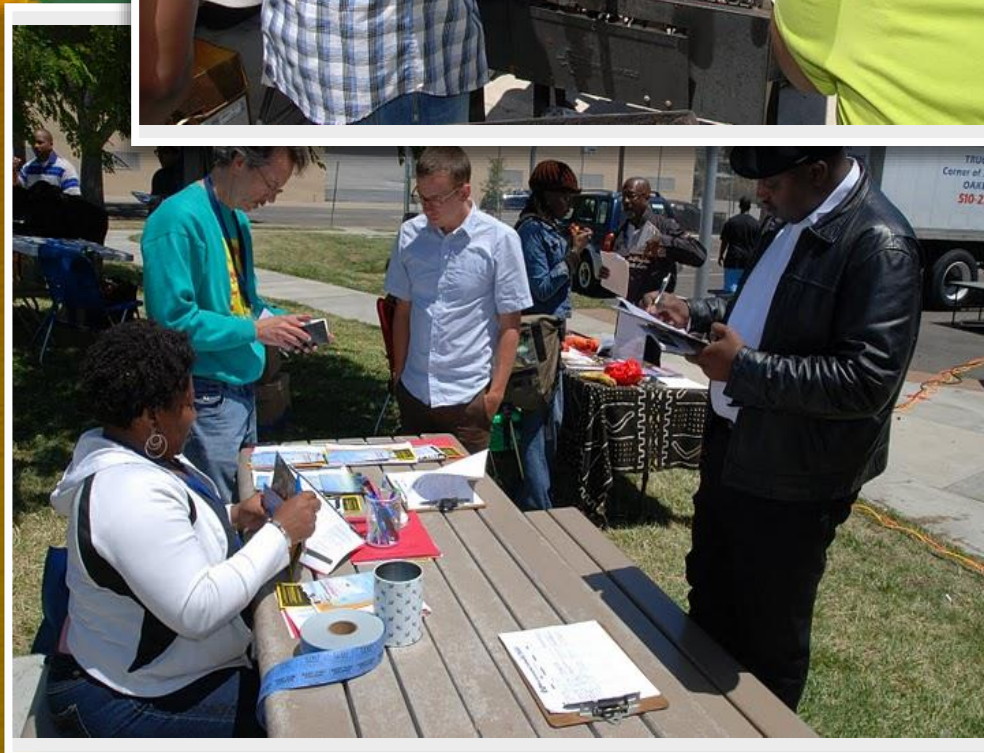
- We partner with vulnerable communities
- Educate residents on resilience, preparing for heat, cold, rain, flooding, drought and sea-level rise
- Advocate with local and regional government to ensure sufficient disaster preparedness, and energy security

Collaborative Model

Sharing the process and the power

Everyone is welcome at the table:

- Community residents
- City of Oakland
- Port of Oakland
- Local Businesses
- Regulatory Agencies:
 - Federal- EPA
 - Regional- Air District
 - Local- Department of Health





Working towards a healthier,
happier West Oakland

West Oakland Environmental Indicators Project

www.woeip.org

1747 14th St. Oakland, CA 94607

(510) 257-5640

Thank you

March 29, 2022

Ms. Margaret Gordon
Co-director, West Oakland Environmental Indicators Project



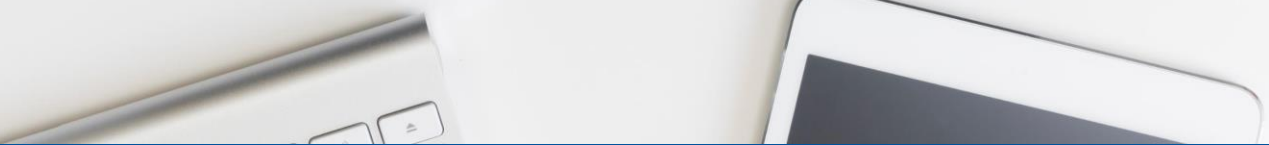
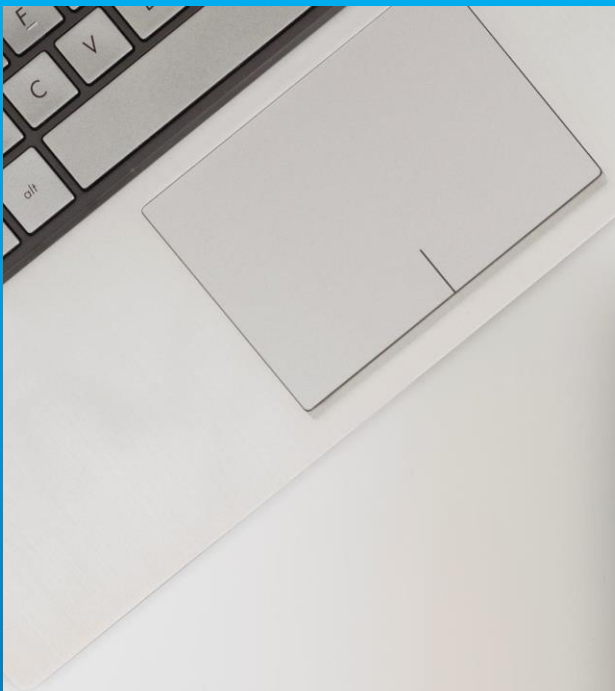
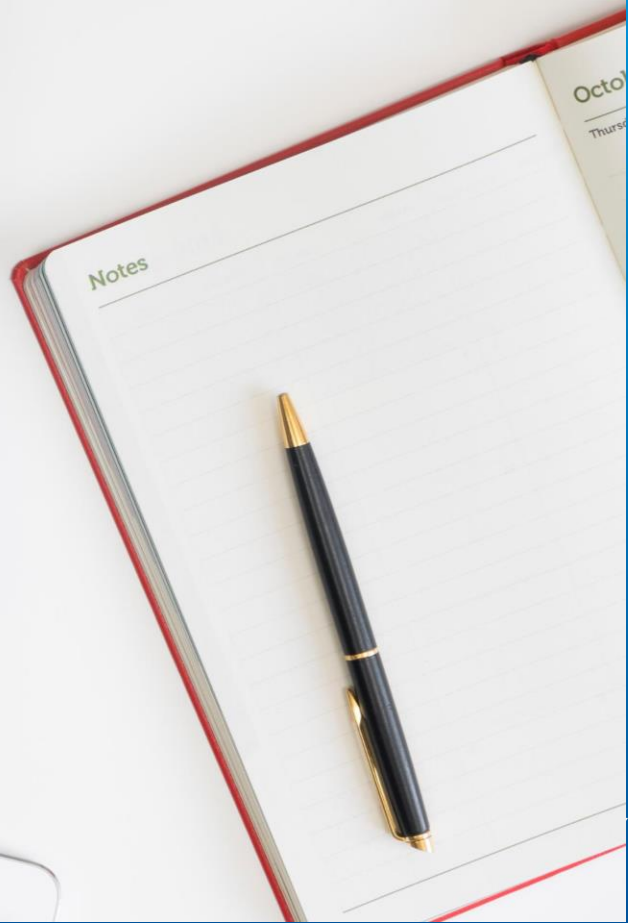
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Questions or
comments?

Submit
questions in the
chat or raise
your hand

RELAX
REFRESH
RECHARGE



Hank Brenard

Environmental and Natural Resources Director, Bear River
Band of the Rohnerville Rancheria

March 29, 2022



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Thank you

March 29, 2022

Hank Brenard
Environmental and Natural Resources Director, Bear River Band of the
Rohnerville Rancheria



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Equity Perspectives on Electrifying Homes

R.20-01-007 Long Term Gas Planning

Shana Lazerow, Legal Director
COMMUNITIES FOR A BETTER ENVIRONMENT
slazerow@cbecal.org
510.302.0430 x 18

March 29, 2022

COMMUNITIES
FOR A BETTER
ENVIRONMENT
established 1978

Wilmington Demographics

RACE

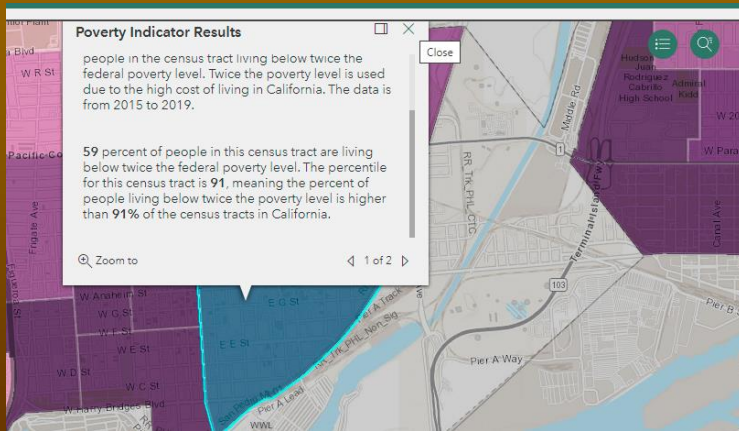
90% - Latinx

5% - African American

3% - White

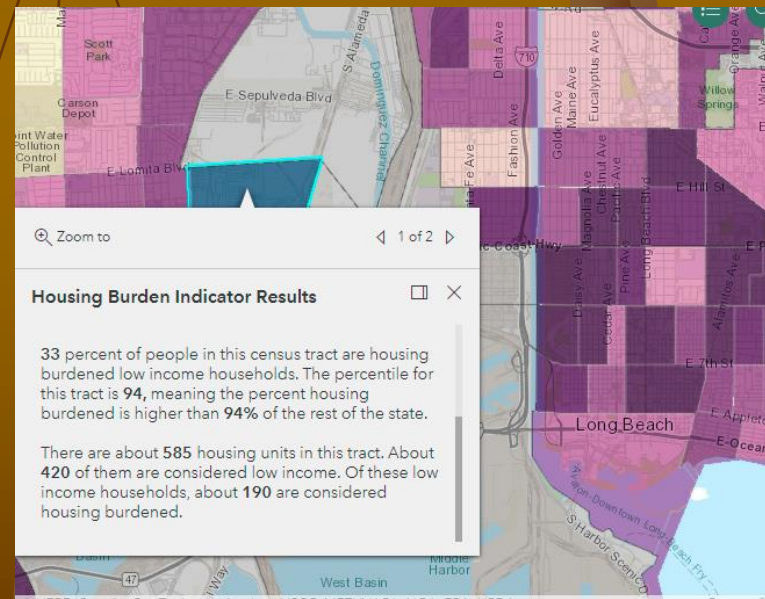
POVERTY RATE

91st percentile



HOUSING BURDEN

94th percentile



Wilmington



Southeast Los Angeles

(Huntington Park, Bell, Maywood, South Gate etc.)

Demographics

RACE

95% - Latino

4% - White

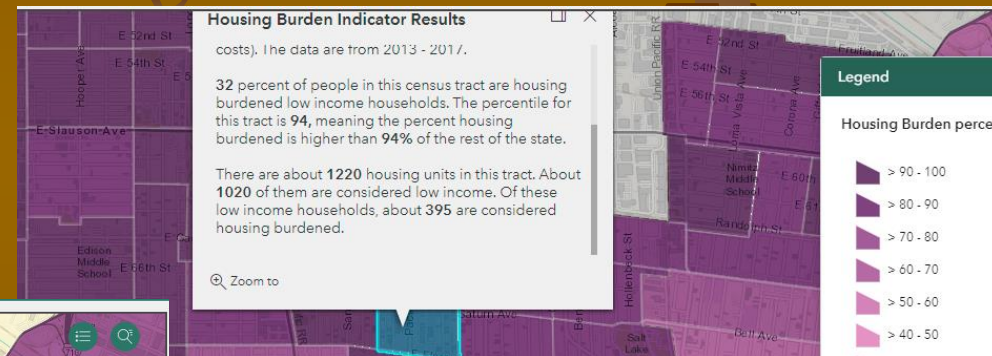
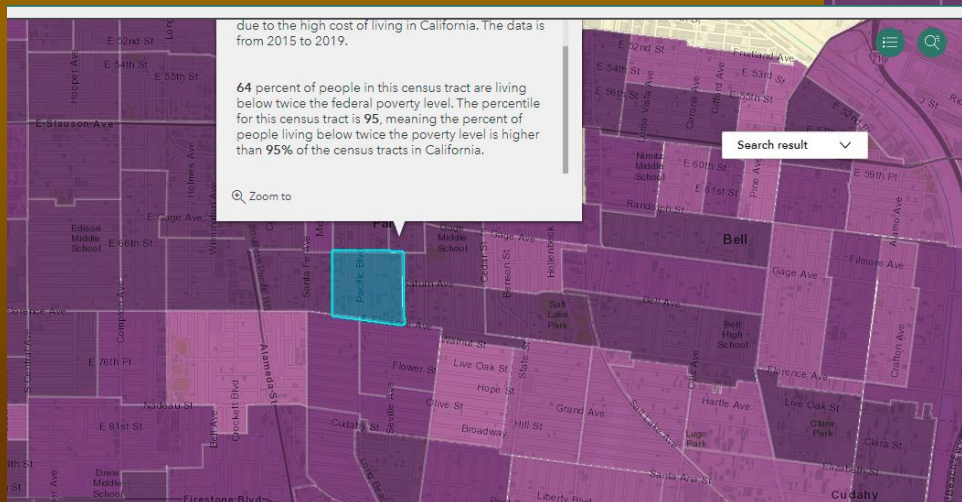
1% - African American

POVERTY RATE

95th percentile

HOUSING BURDEN

94th percentile



Southeast Los Angeles (Huntington Park, Bell, Maywood, South Gate etc.)



East Oakland Demographics

RACE

53% - Latinx

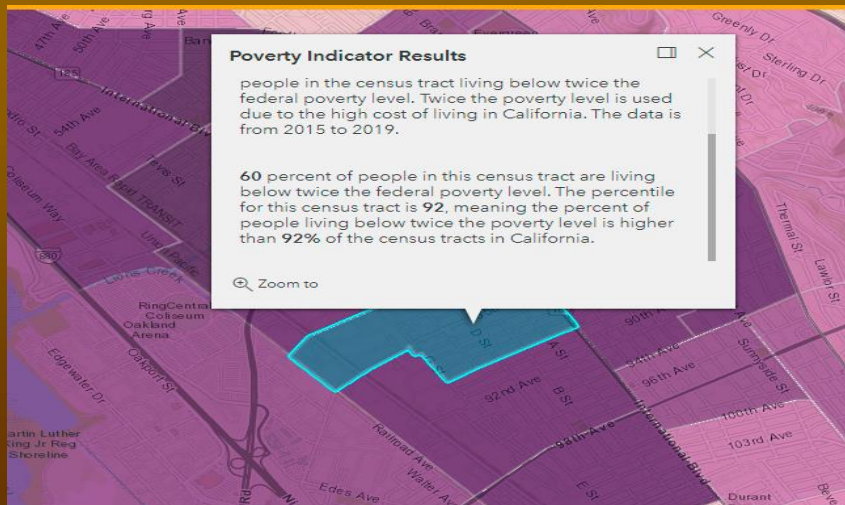
35% - African American

5% - Asian American

2% - White

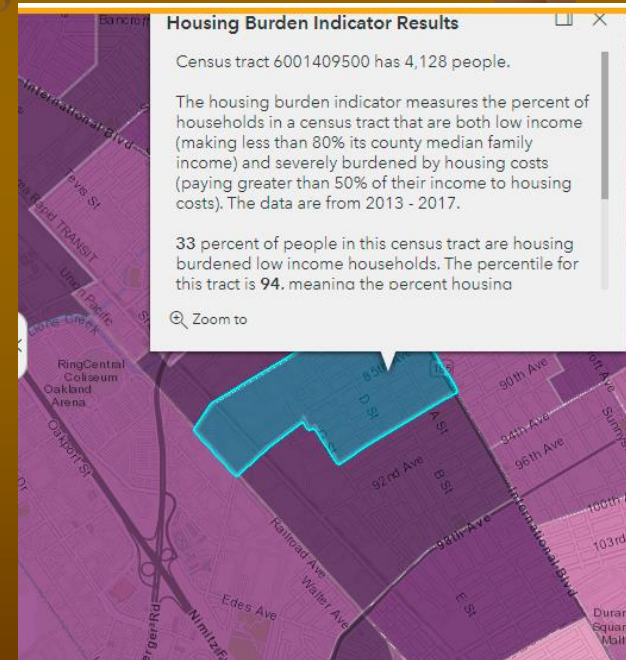
POVERTY RATE

92nd percentile statewide




HOUSING BURDEN

94th percentile statewide



East Oakland





Refresher from CEJA's Jan. 24, 2022 Track 2 workshop presentation:

- ▶ Without active planning and management, the combination of reduced gas usage, increased costs, and a declining customer base will result in exponentially higher gas rates, along with a disproportionate burden on customers unable to afford to implement electrified technologies... *The reactive path is most likely to hurt those least likely to afford the transition: low-income residents. The smart, managed path must consider equity and protect customers from unaffordable gas bills by enabling them to electrify.*

Gridworks, California's Gas System in Transition Report.



Challenges

- ▶ **COST**
 - ▶ upfront appliance costs
 - ▶ building age and condition
- ▶ **ENERGY BURDEN/DISCONNECTION RISK**
- ▶ **LARGE AND FOR-PROFIT LANDLORDS**
- ▶ **LACK OF TENANT PROTECTION**

OPPORTUNITIES

- Target benefits to low-income homeowners in EJ communities, and need-test owners of multi-family
- Support holistic decarbonization retrofits that result in habitable, energy-efficient, all-electric, and climate-resilient homes
- Design a one-stop-shop for retrofits and information for accessing incentive programs
- Protect tenants:
 - Ban pass-through costs to low-income tenants
 - Protect tenants from decarb-related harassment
- Better document and study the energy burden and bill savings potential of decarbonization

Thank you

March 29, 2022

Shana Lazerow (she/her)
Legal Director, Communities for a Better Environment



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Electrification of the Manufactured Housing Market

March 29, 2022

Nic Dunfee

Associate Director, Building Decarbonization

Agenda



- Background
- Advanced Energy Rebuild (AER)
- Housing and Urban Development (HUD) Manufactured Housing Standards
- Issues facing all-electric manufactured homeowners
- Addressing the issues

Manufactured Housing

General Profile

22 million

people live in
manufactured homes

10%

of new single-family
home starts

\$71,900

average new home
sales price

\$30,000

median household
income

77%

of new manufactured
homes titled as personal
property (chattel)



Source: US Census Bureau and MHI, 2018

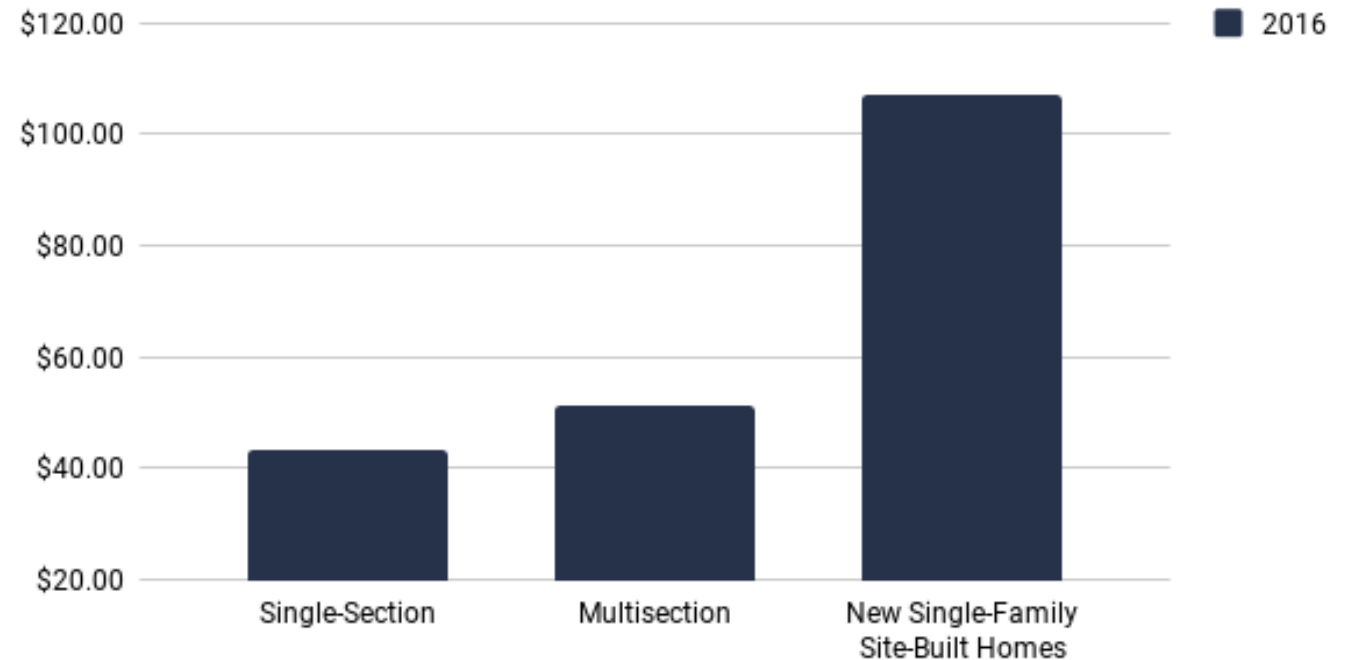
Manufactured Housing in California



- ~ 4,000 units delivered across the state in 2019
 - ~50% all-electric (resistance)
- ~3.5% of all CA housing
 - ~85% owner occupied



Cost per Square Foot Comparison



Manufactured housing market is growing



Housing crisis: Rapidly growing population coupled with the cost of housing



Minnesota.CBSLocal.com



ABCNewsGo.com

Natural disasters: Following natural disasters, homeowners are choosing to purchase a MH as opposed to rebuilding on-site

Advanced Energy Rebuild (AER)



Advanced Energy Rebuild

The Advanced Energy Rebuild (AER) program provides up to \$7,000 per home in financial incentives to rebuild energy efficient manufactured homes after the Tubbs, Carr, and Camp wildfires.

HUD Standards



- Governs the standards for manufactured housing for all of the United States
- Exempt from **most** local and/or state building codes
- **Last updated in 1993!!!**
- Allows for electric resistance technologies
 - Higher energy bills
 - Incorporating heat pumps leads to major savings



Issues for Owners of All-Electric Manufactured Housing



- HUD standards are very inefficient compared to Title-24
- Energy costs are much higher for manufactured homeowners on a \$/sqft basis
- Homeowners don't have a heat pump/induction option available; it's difficult to change manufacturing process,



Claytonhomes.com

Addressing the Issues



- Don't forget efficiency!
- Must incorporate heat pump and induction technology along with electrification
- Prioritize demand side resources for these customers to help offset higher electric bills
- Get manufacturers onboard





Thank You

Nic Dunfee
Associate Director, Building Decarbonization
Ndunfee@trccompanies.com



Questions or
comments?

Submit
questions in the
chat or raise
your hand



**BREAK
TIME !!**

Panel 3: Minimizing Gas Rate Increases During the Transition

Strategies such as accelerated depreciation, securitization, and fixed charges have been proposed to manage potential rate increases during the gas transition. What are the pros and cons of each of these methods?

Mike Florio, Consultant and Former CPUC Commissioner

Moderator: Merrian Borgeson, Senior Scientist, Natural Resources Defense Council (NRDC)



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Final Comments
and Q&A for All
Panelists

Submit
questions in the
chat or raise
your hand

Closing Remarks

- A workshop report will be published in *May*.
- There will be further workshops in October that will address equity issues.
- Thank you!