

# CAEECC-Hosted Equity Metrics Working Group

Report and Recommendations to the  
California Public Utilities Commission  
and the Energy Efficiency Program  
Administrators

**FINAL REPORT**

October 20, 2021

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## Section 1: Introduction and Overview

### 1.1 Working Group Charge and Overview

The charge of the Equity Metrics Working Group (EMWG) was to identify and define the most important Objectives and associated key Metric(s) for the new Equity portfolio segment established in California Public Utilities Commission (CPUC) in Decision 21-05-031.<sup>1</sup> The Objectives and associated key Metric(s) for each objective will be used to support and provide rationale for portfolio segmentation and program design, as well as used for program benefit/value forecasting, tracking, and evaluation. Although the Working Group (WG) was not tasked with setting the specific numeric Targets for the Metric(s) used in each Program Administrator's (PA's) filing, they were tasked with outlining guidance for *how* to set targets. As such, the EMWG recommends a Principle on target-setting.

The full EMWG met four times between July and September 2021. The facilitation team also hosted a workshop targeting input from a broader range of stakeholders. A sub-working group (sub-WG) focused on refining the Objective and brainstorming and refining key associated Metrics met twice. The sub-WG was convened by Lara Ettenson and Julia de Lamare from the Natural Resources Defense Council (NRDC). The culmination of the EMWG is this Report submitted directly to the Commission to inform the forthcoming application filings by the Program Administrators (PAs).

As outlined in the Prospectus,<sup>2</sup> and at the direction of the CPUC, the EMWG was charged with answering the following key questions:

- **Objective and Metric(s) - setting questions**
  - What are the specific Objectives for each segment?
  - What are the specific associated key Metric(s) for each Objective?
  - For each Objective and key Metric(s) describe whether it will be expressed quantitatively, qualitatively, or a mixture of both—and when each will be established and by whom.
  - For each Objective and associated key Metric(s) describe whether its primary application is to justify portfolio segmentation and program design; forecasting of benefits/values from the budgeted program; tracking and evaluation; or some combination?
  - What must all PAs include in their filings with respect to Objectives, associated key Metrics, and Targets for Metrics, and under what conditions can PAs propose additional Objectives, Metrics, and Targets?

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<sup>1</sup> See CPUC Decision 21-05-031: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M385/K864/385864616.PDF>

<sup>2</sup> See EMWG landing page: <https://www.caeec.org/equity-metrics-working-group-meeting>

- What should be the basis (i.e., principles and guidance) for the PAs to set their own Targets for associated key Metric(s) in their filing?
- **Procedural questions:**
  - How will any non-consensus Objectives and/or associated key Metric(s) be addressed in the PA filings?

The California Energy Efficiency Coordinating Committee (CAEECC) convened and facilitated two distinct but related Working Groups, one on Market Support Metrics and another on Equity Metrics. The Market Support Metrics report can be found on the CAEECC website:

<https://www.caeccc.org/market-support-metrics-wg>.

## 1.2 Background on Newly Created Equity Segment

On May 20, 2021, the CPUC unanimously approved Proposed Decision 21-05-031 on the “Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process” (in Rulemaking 13-11-005). The Decision directs PAs to “further segment their portfolios based on the primary program purpose, into the following three segments”: *Resource Acquisition, Market Support, and Equity*. The decision then directs CAEECC to form a Working Group “to develop and vet new reporting metrics for the market support and equity program categories that will be considered alongside the portfolio filings due from all program administrators in February 2022.”<sup>3</sup>

The decision required the PAs to segment their portfolios into categories, based on the primary program purpose. The equity segment is defined as “*programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan. Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.*”<sup>4</sup> Note that the Equity category is distinct from Energy Savings Assistance (ESA) programs so as to avoid overlap with program offerings that low-income populations could receive at no cost through existing channels.<sup>5</sup>

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<sup>3</sup> D.21-05-031, Page 84. The Decision also rules, with respect to PA requirements, that “All energy efficiency program administrators should be required to develop metrics and criteria for evaluating progress of all programs, with particular focus on market support and equity programs that may not have measurable energy savings” (page 65).

<sup>4</sup> Ibid. Page 14

<sup>5</sup> Ibid. Page 15, “We also clarify that the “equity” category is distinct from our separate low-income energy efficiency Energy Savings Assistance (ESA) programs, which have separate goals and regulatory treatment. While there is some overlap in customers within the target segments, the “equity” category is intended to be defined within the energy efficiency programs covered in this rulemaking that are not specifically targeting low-income populations with program offerings that low-income populations could receive at no cost from the ESA program.” Low-income customers are those that meet [CARE income guidelines](#). This effort is focused on customers who are not eligible for the ESA program.

The Decision creates a combined budget cap of 30% for Equity and Market Support segments<sup>6</sup> per Program Administrator (excluding the Regional Energy Networks (RENs)). PAs must use the new portfolio segmentation categorization scheme for the interim budget filings (for program years 2022 and 2023) due November 2021, and for the Strategic Business Plan and Four-Year Portfolio (for program years 2024 and beyond) due February 15, 2022.

### 1.3 Report Outline

This report outlines the outcomes and recommendations of the EMWG and is organized as follows:

- Section 2: Principles
- Section 3: Objective
- Section 4: Metrics and Indicators
- Section 5: Additional Issues from the Prospectus and Raised Through Working Group Process
- Appendix A: Working Group Member Organizations and Representatives
- Appendix B: Rationale and EMWG Member Preferences for Community Engagement Non-Consensus Options
- Appendix C: Organization-Level Comments on Non-Consensus Option Choices
- Appendix D: Equity Metrics Workshop Participation and Input
- Appendix E: Small-Medium Business Definition

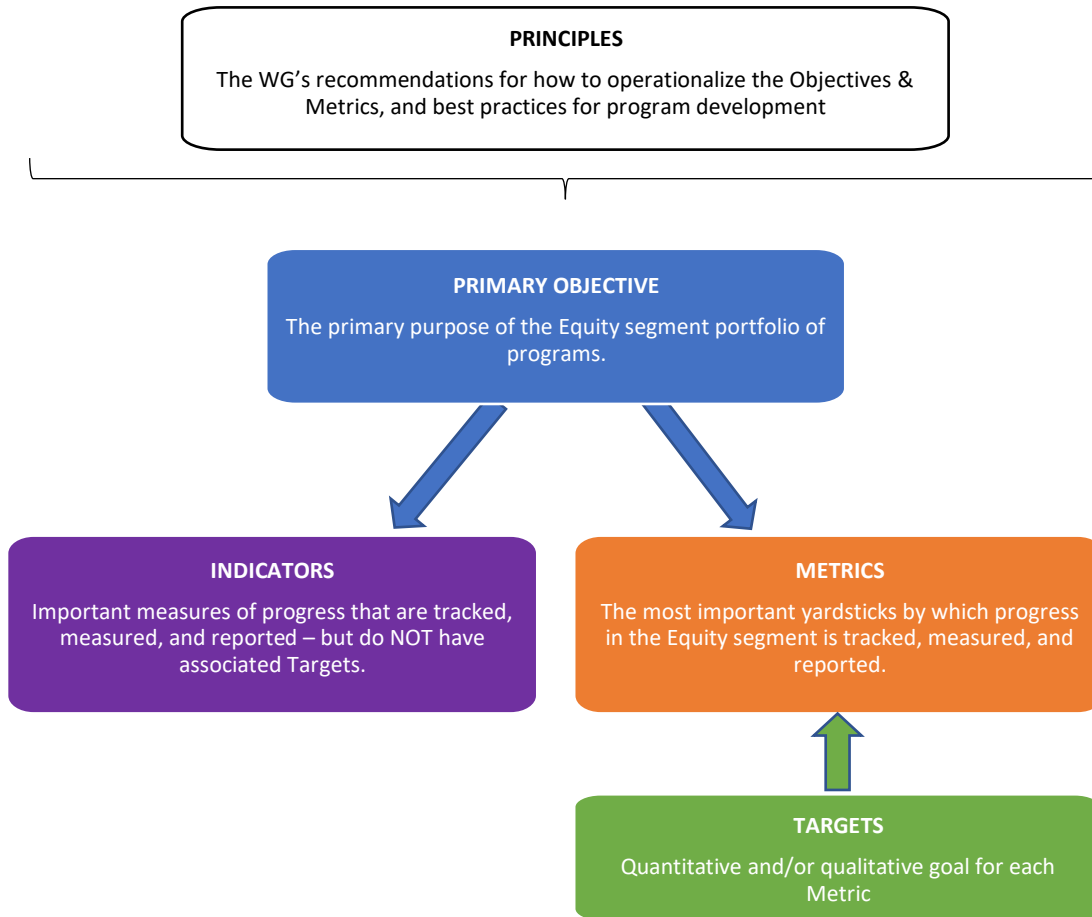
### 1.4 Structure of Objective, Metrics, Targets, and Indicators

Figure 1, below, illustrates the relationship between the segment Objective and the key associated Metrics proposed herein by the EMWG. It also shows the relationship to targets that are tied to each of the Metrics that will eventually be proposed by Program Administrators. Finally, it shows that Indicators can be associated with Metrics, but are distinct in that Indicators, while tracked, measured, and reported do not have associated Targets. Each proposed Principle, Metric, or Indicator ties directly to a component of the proposed Objective.

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<sup>6</sup> The Regional Energy Networks are exempt from the 30% portfolio cap. D.21-05-031 “EE Potential & Goals and Portfolio Approval & Oversight”. May 20, 2021. <https://www.caeec.org/cpuc-documents>. Page 2.

Figure 1: Structure: Objectives, Metrics, Targets, and Indicators



### 1.5 Approach to Seeking Consensus

The recommendations within this Report are made by consensus of the EMWG Members (where consensus is defined as unanimity among the Member organizations), except for three instances noted in this document. Consistent with the EMWG’s goals and Groundrules, we provide two or more options for any non-consensus recommendation and list the EMWG Members that support each option. The non-consensus option descriptions and their rationales were drafted by the proponents of each option.

### 1.6 Working Group Members

The EMWG’s twenty-four voting member organizations and four Ex-Officio organizations shown in Table 1 are drawn largely but not exclusively from the CAEECC’s Membership. Following notification to the CPUC energy efficiency and Energy Savings Assistance Program service lists and direct outreach to relevant organizations, CAEECC also had an application process for interested non-CAEECC Member organizations to be part of the EMWG. Those organizations have an \* after their names. CAEECC Facilitators Dr. Scott McCreary and Katie Abrams



facilitated the EMWG meetings and workshop. A list of the lead representatives and alternates for each EMWG Member organization is provided in Appendix A.

Table 1: EMWG Member Organizations<sup>7</sup>

<b>Organization</b>
Bay Area Regional Energy Network (BayREN)
California Efficiency + Demand Management Council (CEDMC)
Center for Sustainable Energy (CSE)
CodeCycle
Energy Efficiency Council (EEC)*
High Sierra Energy Foundation*
MCE
Natural Resources Defense Council (NRDC)
Pacific Gas and Electric (PG&E)
Public Advocates Office (Cal Advocates)
Redwood Coast Energy Authority (RCEA)
Resource Innovations*
Rising Sun Center for Opportunity*
San Joaquin Valley Clean Energy Organization (SJVCEO)
San Diego Gas and Electric (SDG&E)
Silent Running LLC*
Small Business Utility Advocates (SBUA)
Southern California Edison (SCE)
Southern California Gas (SCG)
Southern California Regional Energy Network (SoCalREN)
The Energy Coalition (TEC)
TRC*
Tri-County Regional Energy Network (3C-REN)
Viridis Consulting*
<b>Ex-Officio/Resource (non-voting):</b>
American Council for an Energy-Efficient Economy (ACEEE)
California Air Resources Board (CARB)
California Energy Commission (CEC)
California Public Utilities Commission (CPUC)

<sup>7</sup> See Appendix A for a detailed list of each Equity Metrics Work Group Member lead representative and alternate

## Section 2: Principles

### 2.1 Background

This section includes a series of recommended Principles related to how to formulate and operationalize the Objective and Metrics within the new Equity segment. The EMWG developed the following Principles based on the MSMWG proposed set of Principles, with modifications and additions when appropriate to align with the EMWG structure and charge. In addition, although the EMWG was not tasked with setting the specific numeric Targets for the Metric(s) used in each PA's filing, they were tasked with outlining guidance for how to set targets. As such, the EMWG recommends a Principle on target-setting.

### 2.2 Consensus Principles Recommendations

#### Principle #1: Segment vs. Program

- A) New Equity metrics proposed by the working group (WG) should focus on measuring performance of the overall segment, not of individual programs.
- B) When developing metrics, the WG should take a top-down approach meant to assess whether the Equity segment is performing against the primary Objective.

#### Principle #2: Guidelines to Setting Metrics

- A) The recommendations of the WG should not prevent program and portfolio design flexibilities as this is important in the Equity segment.
- B) Metrics and indicators can be revisited in the future to adjust as needed, in a TBD stakeholder process.
- C) The EMWG did not address all definitions and methodologies for the metrics so PAs should pursue the most cost efficient and feasible approaches to collecting data.
- D) PAs should collaborate and share methodologies for tracking and reporting metrics and indicators. The methodologies would be outlined as part of the regular reporting for all metrics and indicators.

#### Principle #3: Program Portfolios

- A) Equity programs must have a primary focus of "providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission's Environmental and Social Justice (ESJ) Action Plan. Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide

corollary benefits such as increased comfort and safety, improved air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.”<sup>8</sup>

- B) Although Equity segment programs can contribute to Resource Acquisition program participation in the short and long term, Equity segment programs are not required to do so.
- C) The Equity Segment should build and enable the foundation for future long-term energy savings that align with Commission and California climate policy.
- D) PAs may file [in a formal proceeding] additional or refined Equity Segment Objective and associated Metric(s) if and when they identify an intervention that they believe fits into the overall Equity segment but does not clearly fit into the current framework of Equity Segment Objective and associated Metrics, after receiving feedback through CAEECC.
- E) PAs must propose program level metrics for all their Equity programs. Note: PAs may use common metrics, segment level metrics, or develop their own program level metrics.

#### Principle #4: Best Practices for Program Development

The following principles for program design would be included in the forthcoming Program Implementation Plans (IPs) and/or via annual reporting to enable Energy Division and stakeholders to assess how these principles are being integrated into the Equity segment portfolios. Note: these principles should be applied when designing Equity segment programs, to the extent applicable.

- A) Prioritize customers in most need (need is defined in the main doc).
- B) Support concurrent equity efforts, such as those that align with related Social Determinants of Health (e.g., physical environment).
- C) Advance climate resiliency (e.g., keeping indoors cool during heatwaves and ensuring tight building shell to protect from wildfire smoke).
- D) Align with local grid reliability needs (e.g., focus efforts that reduce energy usage at critical times and locations).

#### Principle #5: Reporting

- A) PAs must propose Equity program-level metrics with targets in their applications that demonstrate progress toward segment defined Objectives in accordance with Equity principles. PAs may also propose Equity program-level indicators as appropriate.
- B) PAs should begin tracking all Equity relevant metrics and reporting on all Equity metrics during program years 2022-2023. Note, if a particular metric is not being addressed by

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<sup>8</sup> Ibid. Page 14

any PA program it would be reported as such in the reporting. A consistent reporting format should be applied across PAs.

### 2.3 Non-Consensus Principles Recommendation

There were two non-consensus Principles recommendations.

#### Principle #6: Target-Setting

The EMWG members are divided on the approach to target-setting. Two options are presented below for consideration. Members' first choice as well as acceptable options are shown in the table below the option descriptions and their rationales.

#### **Option 1: Targets will be set by the PAs for Equity segment metrics following the collection of the first two program years of data (or a baseline has been set using reasonable proxy data).**

All Equity segment metrics should have meaningful targets based on available data. Since little or no data exists for new programs, pilots and/or programs still being designed, targets cannot be reasonably established. Similarly, existing programs that are moved into the Equity segment may not necessarily have relevant data to be able to report on the newly determined Equity segment metrics. PAs should have the time to collect baseline data so that targets are both appropriate and reportable. Additionally, D.18-05-041 Ordering Paragraph 9 allows for new or modified metrics or indicators to be proposed in annual budget advice letter filings. Therefore, Tier 2 advice letters (such as the True Up Advice Letter) may be an appropriate avenue for also providing targets.

#### **Option 2: In their Budget Applications, PAs will propose targets and/or set a date certain by which they will propose targets for all Equity segment metrics.**

All metrics proposed must have targets. The appropriate venue to propose and litigate targets is the budget application proceeding, where the evidence underlying proposed targets can be considered and alternatives proposed and considered. Most PAs already have the data and/or experience to set targets based on existing programs.

For any metrics that PAs think target setting isn't feasible without collecting baseline data, the proponents of Option 2 propose that the PAs include in their applications a proposal for a date certain by which the PAs will file a Petition for Modification (PFM) to the budget application decision. That PFM would include the proposed targets for each metric that had the targets deferred and include the evidentiary basis for the proposed target.

In addition, for those metrics that currently have uncertain baseline data, more significant adjustments to targets may be needed in the future after initial targets are set in applications or PFMs. The PAs should propose a process for making such adjustments (e.g., rely on the reporting requirements through CAEECC, use the annual reporting process to seek adjustment as needed, etc.) in their budget applications.

The EMWG members who prefer each option and find each option acceptable is presented below in Table 2. In addition, some Working Group Members (indicated by a \*) have provided comments on their option choices in Appendix C.

Table 2: EMWG Support of Target-Setting Options 1 and 2

Target-Setting Option	First Choice Option	Acceptable Option
<p>Option 1: Targets will be set by the PAs for Equity segment metrics following the collection of the first two program years of data (or a baseline has been set using reasonable proxy data). <b>(12 first choice, 21 acceptable)</b></p>	<p>3C-REN*            BayREN*            CEDMC            MCE            PG&amp;E            RCEA            SCE            SCG            SDGE*            Silent Running LLC*            SJVCEO            Viridis Consulting</p>	<p>3C-REN            BayREN            CEDMC            CodeCycle            CSE            High Sierra Energy Foundation            MCE            PG&amp;E            RCEA            Resource Innovations            Rising Sun Center for Opportunity            SBUA            SCE            SCG            SDGE            Silent Running LLC            SJVCEO            SoCalREN            The Energy Coalition            TRC            Viridis Consulting</p>
<p>Option 2: In their Budget Applications, PAs will propose targets and/or set a date certain by which they will propose targets for all Equity segment metrics <b>(12 first choice, 19 acceptable)</b></p>	<p>Cal Advocates            CodeCycle            CSE            EEC            High Sierra Energy Foundation            NRDC            Resource Innovations*            Rising Sun Center for Opportunity            SBUA*            SoCalREN*            The Energy Coalition            TRC</p>	<p>3C-REN            BayREN            Cal Advocates            CEDMC            CodeCycle            CSE            EEC            High Sierra Energy Foundation            MCE            NRDC            Resource Innovations            Rising Sun Center for Opportunity            SBUA            SCG            Silent Running LLC            SoCalREN            The Energy Coalition            TRC            Viridis Consulting</p>

### Principle #7: Community Engagement

The EMWG members are divided on the approach to community engagement. The two options are presented below with the full rationales and summary table of EMWG Member preferences are provided in Appendix B.

**Option 1: Community engagement as an Indicator**

**Option 2: Community engagement as a Principle**

## Section 3: Objective

### 3.1 Background

CPUC Decision 21-05-031 defines the Equity segment as “programs with a *primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan. Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.*”<sup>9</sup>

The EMWG used this language as a foundation for developing an Objective that captures the key activities and purposes the Equity segment is intended to support.

### 3.2 Primary Objective Recommendation

The EMWG recommends the following primary Objective for the Equity segment:

**For hard-to-reach, disadvantaged, and/or underserved individuals, households, businesses, and communities: address disparities in access to energy efficiency programs and workforce opportunities\*; promote resilience, health, comfort, safety, energy affordability\*\*, and/or energy savings; and reduce energy-related greenhouse gas and criteria pollutant emissions\*\*\*.**

*\* The term “workforce opportunities” includes, but is not limited to, the energy efficiency supply chain, companies/non-profits that deliver efficiency services, as well as the workers who implement the work **within equity segment programs**. This language does not presume that PAs must create programs to address all or some of the items listed here, nor does it infer that we have consensus that this segment should have workforce specific programs. The purpose of the “\*” is to clarify what the term “workforce opportunities” encompasses. Any substantive issues should be addressed within the context of the workforce metric(s).*

*\*\* Energy affordability pertains to bill savings achieved through increased efficiency in energy use, delivering the same or improved level of service with a lower cost to the customer.*

*\*\*\*The term “criteria pollutant” refers to: ground-level ozone, particulate matter, carbon monoxide, lead, sulfur dioxide, and nitrogen dioxide (<https://www.epa.gov/criteria-air-pollutants>).*

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<sup>9</sup> Ibid. Page 14

## Section 4: Metrics and Indicators

### 4.1 Background

Metrics for the new Equity segment will be used as rationale for portfolio segmentation and program design and for program tracking and evaluation within the Equity segment.

As we move away from traditional cost-effectiveness metrics to this new segmentation approach, it is important to use Metrics as a way of assessing progress and to ensure that customer funds are being prudently spent. As noted above in Figure 1, Metrics are the most important yardstick by which progress in the Equity segment is tracked, measured, and reported. Indicators can be associated with Metrics, but are distinct in that Indicators, while tracked, measured, and reported do not have associated Targets.

The Metrics and Indicators listed below are organized into the following three categories

- A) Metrics and Indicators to Measure Who and How Target Populations are “Served”
- B) Metrics and Indicators to Assess Energy and/or Cost Savings in Targeted Populations
- C) Indicator to Assess “Holistic” Benefits

### 4.2 A: Metrics and Indicators to Measure Who and How Target Populations are “Served”

#### **Consensus Metrics Recommendations – Who and How Target Populations are “Served”**

Metric A.1: Total # residential (single family (SF) or multifamily (MF) unit) equity-targeted<sup>10</sup> households (HHs) served by the Equity programs

Metric A.2: Total # MF equity-targeted buildings served by the Equity programs

Metric A.3: Total # Ag or Ind. equity-targeted customers served by the Equity programs

Metric A.4: Total # equity-targeted public facilities and equipment or community projects served by the Equity programs

Metric A.5: Total # small and medium business (SMB)\* equity-targeted\*\* participants served by the Equity programs.

\*See Appendix E for SMB definitions. \*\*The benefits of the program must accrue to eligible populations

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<sup>10</sup> The term “equity-targeted”, used throughout this report, refers to those targeted by the Equity Segment programs. Per the Decision, this includes DAC, HTR and underserved populations. The term “equity-targeted” is a shorthand form for DAC, HTR and underserved.



*Notes:*

- For A.1-A.5: See Section 5.4 Reporting Expectations for additional details.
- For A.6-A.7: There are already two workforce, education, and training (WE&T) program metrics that could potentially capture some of the activities in this segment. (1) Percent of total WE&T training program participants that meet the definition of disadvantaged worker and (2) Percent of incentive dollars spent on contracts\* with a demonstrated commitment to provide career pathways to disadvantaged workers.<sup>11</sup>

*\*Applies only to programs that install, modify, repair, or maintain EE equipment where the incentive is paid to an entity other than a manufacturer, distributor, or retailer of equipment. This applicability standard is adopted from the language the July 9th ruling on workforce standards. It excludes contracts such as those for upstream incentives, Codes and Standards, and mid-stream distributor programs.*

Metric A.6: Total # of companies/non-profits served by Equity Segment programs

Metric A.7: Total # of contractors/workers served by Equity Segment programs

A.8: Total [(# indicator for all) and (% metric for PAs with no relevant legal restriction) of] contractors and/or workers that are disadvantaged workers or otherwise underrepresented, who are directly involved in implementing Equity Segment programs<sup>12</sup>

*Metric for those PAs for whom there's not a legal restriction: % of contractors and/or workers that are disadvantaged workers<sup>13</sup> or otherwise underrepresented, who are directly involved in implementing Equity Segment programs.<sup>14</sup>*

*Indicator (without targets) for all PAs: # of contractors of contractors and/or workers that are disadvantaged workers<sup>15</sup> or otherwise underrepresented, who are directly involved in implementing Equity Segment programs.*

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<sup>11</sup> D.18-05-041 has this metric (at high level)

<sup>12</sup> While deemed consensus, SDG&E and SBUA provided the following comments. SDG&E notes "We want programs that SERVE this group - while nice to have some that are implementing these programs, it shouldn't be required as well. Might support it as an indicator but, really think we need to focus on the program servicing and not who is implementing." SBUA notes "SBUA supports the above approach and is in consensus, with the caveat that small business employees, not explicitly included in the Disadvantaged Worker definition, are also disadvantaged by many challenges."

<sup>13</sup> Disadvantaged worker definition from D.19-08-006, Attachment B, p.6: "Disadvantaged Worker" means a worker that meets at least one of the following criteria: lives in a household where total income is below 50 percent of Area Median Income; is a recipient of public assistance; lacks a high school diploma or GED; has previous history of incarceration lasting one year or more following a conviction under the criminal justice system; is a custodial single parent; is chronically unemployed; has been aged out or emancipated from the foster care system; has limited English proficiency; or lives in a high unemployment ZIP code that is in the top 25 percent of only the unemployment indicator of the CalEnviroScreen Tool.

<sup>14</sup> Metric A.8 is deemed consensus pending resolution of outstanding questions such as (a) how this relates to the required indicator of disadvantaged workers per D.18-10-008, (b) the distinction between worker and contractor, and (c) other potentially unresolved questions

<sup>15</sup> Disadvantaged worker definition from D.19-08-006, Attachment B, p.6: "Disadvantaged Worker" means a worker that meets at least one of the following criteria: lives in a household where total income is below 50 percent of Area Median Income; is a recipient of public assistance; lacks a high school diploma or GED; has previous history of incarceration lasting one year or more following a conviction under the criminal

A.9: Total [(# indicator for all) and (% metric for PAs with no relevant legal restriction) of] companies/non-profits who are Diverse Business Enterprises (DBE) or otherwise underrepresented (e.g., BIPOC-owned) with contracts to implement Equity Segment programs<sup>16</sup>

*Metric for those PAs for whom there's not a legal restriction: % of companies/non-profits who are Diverse Business Enterprises (DBE)<sup>17</sup> or otherwise underrepresented (e.g., BIPOC-owned) with contracts to implement Equity segment programs*

*Indicator (without targets) for all PAs: # of companies/non-profits who are Diverse Business Enterprises (DBE)<sup>18</sup> or otherwise underrepresented (e.g., BIPOC-owned) with contracts to implement Equity segment programs*

#### 4.3 B: Metrics and Indicators to Assess Energy and/or Cost Savings in Targeted Populations

##### **Consensus Metric Recommendation – to Assess Energy and/or Cost Savings in Targeted Populations**

Metric B.1: Expected first-year bill savings in total \$ for Equity-targeted participants\*.

\*There still needs to be clarity on the methodology, including how to manage for fuel substitution.

Given the time constraint of this process, the proposal at this stage is two-fold. First, use this metric as an initial proxy to start to look at how programs strive to reduce a customer's energy burden (i.e., the percentage of gross household income spent on energy costs). Second, by mid-cycle, review whether this is the most appropriate metric to do so. If not, the PAs should propose (in line with proposed Principle #3D) whether this metric should be modified or if an additional metric should be adopted.

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justice system; is a custodial single parent; is chronically unemployed; has been aged out or emancipated from the foster care system; has limited English proficiency; or lives in a high unemployment ZIP code that is in the top 25 percent of only the unemployment indicator of the CalEnviroScreen Tool.

<sup>16</sup> While deemed consensus, SDG&E, EEC, and SBUA provided the following comments. SDG&E notes "We want programs that SERVE this group - while nice to have some that are implementing these programs, it shouldn't be required as well. Might support it as an indicator but, really think we need to focus on the program servicing and not who is implementing." EEC notes "This appears to focus on contractors and not necessarily their employee base which we believe is important." SBUA notes "SBUA supports the above approach and is in consensus, with the caveat that small businesses may also be underrepresented with contracts to implement Equity segment programs, but are not explicitly included in the above options."

<sup>17</sup> <https://www.cpuc.ca.gov/supplierdiversity/>

<sup>18</sup> <https://www.cpuc.ca.gov/supplierdiversity/>

## **Consensus Indicator Recommendation – to Assess Energy and/or Cost Savings in Targeted Populations**

### Indicator B.2: Direct Savings from Equity-segment programs \*

- A. GHG reductions (tons)
- B. Total kWh savings
- C. Total therm savings
- D. Total kW savings

\*apply existing methodology

## **Non-Consensus Indicator Recommendation – to Assess Energy and/or Cost Savings in Targeted Populations**

### Indicator B.3 Community Engagement

The Equity Metrics Working Group (EMWG) members are divided on the approach to community engagement. One option is to include it as a Principle, and another option is to include it as an Indicator. The full rationales and the table of EMWG Member preferences are provided in Appendix B.

## **4.4 C: Metrics and Indicators for “Holistic” Benefits**

### ***Metric Recommendation – for “Holistic” Benefit***

There are no proposed metrics in this category.

## **Consensus Indicator Recommendation – for “Holistic” Benefit**

### Indicator C.1: Benefits to participants and to society as a whole

The EMWG is proposing this indicator of “combined total benefits” for the Equity Segment to advance the industry by exploring ways to look at both energy and non-energy benefits together – under a “combined total benefits” metric – that would be used for programs in the Equity segment. All A-E below in \$ and/or units until units can be monetized.

- A) Energy and climate benefits (monetized within TSB)
- B) Health “counts of participants receiving this benefit” until we can monetize.  
Reporting at least one of:
  - a. Indoor air quality
  - b. Outdoor air quality (e.g., reduction in emissions from gas combustion appliances that vent to nearby outdoor air)
  - c. Reduction in interior contaminants/biologics
  - d. Other (e.g., change in healthcare utilization, change in ability to utilize healthcare, change in healthcare expenditure, change in indoor

environmental quality, # households treated who are already working with community health worker, etc.)

- C) Comfort - in “counts of participants receiving this benefit” until we can monetize.  
Reporting at least one of:
  - a. Reduced drafts
  - b. Quieter interior
  - c. Managed interior temperature (e.g., cool during heatwave, warm during cold spell)
  - d. Other (e.g., improvements in temperature stability between rooms and floors; increase in usability of interior space)
- D) Safety - in “counts of participants receiving this benefit” until we can monetize.  
Reporting at least one of:
  - a. Improved safety of appliances (e.g., no gas leaks, combustion safety, etc.)
  - b. Other (e.g., railings, steps, floors, improvements in lumens of travel areas in living spaces, improvements to landscaping to reduce wildfire risk; door locks; outdoor lighting, improved panels to ensure safe electrification upgrades, electrical hazard reduction – building sealing and reducing use of out-of-date space heaters or stoves for indoor heating, # of households treated with existing safety issues, etc.)
- E) Economic or other “non-energy benefits” (as proposed by the PAs or program) in dollars or “counts of participants receiving this benefit” until we can monetize.

The proposal is to commit to establishing a methodology and approach in order to make this a Metric for the 2028-2031 cycle (i.e., we would need a Commission approved methodology before 2026, when the next application would be submitted for the 2028 program cycle). This proposal is a first step to exploring alternative ways of measuring non-energy benefits, per D.21-05-031.<sup>19</sup>

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<sup>19</sup> D.21-05-031, p.23-24 “Furthermore, in the future, the Commission may consider whether or how to transition to an evaluation of non-energy benefits when considering the reasonableness of costs related to market support and equity programs.”

## Section 5: Additional Issues from the Prospectus and Raised Through EMWG Process

### 5.1 Background

This section includes topics outlined in the Prospectus as key questions for the EMWG to address (such as how to address non-consensus issues in the February 2022 filings). It also presents topics and proposals that the EMWG discussed but did not finalize (such as a definition for “underserved” and reporting expectations).

### 5.2 How to Address Non-Consensus Issues in February 2022 Filings

The PAs will follow any consensus recommendations in developing their Equity programs, metrics, and targets for their Business Plans/4 Year Applications to be filed in February 2022. There is no current plan for the Commission to resolve any non-consensus issues prior to the February 2022 filings. Therefore, for any non-consensus issues, the PAs will be free to use their best judgement but should either select one or the other option, or both, but should not propose a new and different option.

### 5.3 Definition of “Underserved”

While there are specific definitions for Hard-to-Reach<sup>20</sup> and Disadvantaged Communities,<sup>21</sup> there is no clear definition of “underserved.” While a number of options were discussed, the EMWG members preferred to present a non-consensus issue given the limited time to complete this process. Three options are presented below for consideration. Members’ first choice as well as acceptable options are shown in the table below the option descriptions and their rationales.

Before delving into the specific options, it is important to note that the Equity Metrics Workshop input yielded a number of additional considerations for who might be deemed “underserved” that extend beyond setting inclusive definitions:

1. Some customers will be left behind not because they do not fit into one of the defined categories, but rather because of ongoing systemic racism that continues to influence where funding is invested and how programs are designed.
2. There are a number of groups that have been marginalized, left out, or otherwise negatively impacted by government/regulated programs in the past and may continue to lack trust in such offerings. This would result in being left out even if these customers fit into one of the categories.

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<sup>20</sup> D.18-05-041 Section 2.5.2, p.4.1

<sup>21</sup> SB 350, as referenced in D.18-05-041 Section 2.5.1, p.39

3. There are a number of customers who are eligible for equity segment programs that may still be left out because homes and/or community buildings need additional repairs prior to being able to participate in energy efficiency or electrification programs (e.g., upgrading electrical panels, fixing holes in the wall or roof, etc.).
4. There are a number of people who choose to decline to participate in the Energy Savings Assistance (ESA) program. These people would also be left behind if there were no alternative approaches that may be more appealing.

These factors will need to be considered in program design and highlight the importance of community engagement to ensure programs are meeting the needs of communities.

Another suggestion was to rely on the CPUC's 2019 Affordability Report,<sup>22</sup> which notes that "Essential utility service charge" refers to the costs borne by a representative household for the quantity of utility service required to enable a ratepayer's health, safety, and full participation in society." Therefore, a customer who is underserved would be one whose level of (affordable) utility service does not enable their health, safety, and/or full participation in society. However, since this is not an easily quantifiable approach at this moment, we include it here for reference in the event the PAs, stakeholders, or the Commission would like to take it up at a later time.

### **Option 1: Use ESJ Action Plan Definition**

The first option is to use the CPUC's Environmental and Social Justice (ESJ) Action Plan definition.<sup>23</sup> In the plan, ESJ communities that are underserved would include the following:

1. Predominantly communities of color or low-income.
2. Underrepresented in the policy setting or decision-making process.
3. Subject to a disproportionate impact from one or more environmental hazards.
4. Likely to experience disparate implementation of environmental regulations and socio-economic investments in their communities.<sup>24</sup>

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<sup>22</sup> CPUC 2019 Annual Affordability Report. <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/2019-annual-affordability-report.pdf>

<sup>23</sup> [ESJ Action Plan](#), p.9

<sup>24</sup> Government Code section 65040.12.e:

[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=GOV&sectionNum=65040.12](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=65040.12). For purposes of this section, "environmental justice" means the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies. (2) "Environmental justice" includes, but is not limited to, all of the following: (A) The availability of a healthy environment for all people. (B) The deterrence, reduction, and elimination of pollution burdens for populations and communities experiencing the adverse effects of that pollution, so that the effects of the pollution are not disproportionately borne by those populations and communities. (C) Governmental entities engaging and providing technical assistance to populations and communities most impacted by pollution to promote their meaningful participation in all phases of the environmental and land use decisionmaking process. (D) At a minimum, the meaningful consideration of recommendations from populations and communities most impacted by pollution into environmental and land use decisions.

This would include, but not be limited to:

1. Disadvantage Communities located in the top 25% of communities identified by Cal EPA's CalEnviroScreen.<sup>25</sup>
2. All Tribal lands.
3. Low-income households.<sup>26</sup>
4. Low-income census tracts.<sup>27</sup>

### **Option 2: Use ESJ Action Plan Definition + allow an avenue for PAs to propose additional 'underserved' with rationale**

Even with the addition of the ESJ definition, members and stakeholders continue to be concerned that certain communities or individuals will be left out (e.g., renters, housing type, Black customers/workers, undocumented customers/workers, non-English speakers, isolated/remote communities, seniors, public agencies/facilities, those with barriers to employment, etc.). In addition, other members referenced the need to define various customer types, such as socially disadvantaged farmers (e.g., via AB 1348<sup>28</sup>) and small business (e.g., via the Department of General Services Certification Programs<sup>29</sup>).

Therefore, Option 2 is including the ESJ definition as in Option 1, plus the opportunity for PAs to propose inclusion of additional potential customers, participants, or communities that may not fall squarely within these definitions (e.g., a school in a location that does not meet any definition but the students who attend would meet eligibility requirements).

### **Option 3: Allow the PAs to determine underserved**

Option 3 would be to allow the PAs to define what "underserved" is in their applications as well as through a to-be-determined mechanism to allow for future modifications that would occur after a decision is made on the applications.

The EMWG members who prefer each option and find each option acceptable is presented below in Table 3. In addition, some Working Group Members (indicated by a \*) have provided comments to clarify and elaborate on their option choices in Appendix C.

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<sup>25</sup> <https://oehha.ca.gov/calenviroscreen>

<sup>26</sup> Household incomes below 80 percent of the area median income.

<sup>27</sup> Census tracts with household incomes less than 80 percent area or state median income.

<sup>28</sup> Farmers or ranchers who are members of a "socially disadvantaged group," which means a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups include all of the following: African Americans, Native Indians, Alaskan Natives, Hispanics, Asian Americans, Native Hawaiians and Pacific Islanders. [https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180AB1348](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1348)

<sup>29</sup> California Department of General Services definition of "small business" uses the following criteria (1) Be independently owned and operated; (2) Not dominant in field of operation; (3) Principal office located in California; (4) Owners (officers, if a corporation) domiciled in California; and (5) Including affiliates, be either: (i) A business with 100 or fewer employees; (ii) An average annual gross receipts of \$15 million or less, over the last three tax years; (iii) A manufacturer with 100 or fewer employees; or (iv) A microbusiness. A small business will automatically be designated as a microbusiness, if gross annual receipts are less than \$3,500,000 or the small business is a manufacturer with 25 or fewer employees.

Table 3: EMWG Support of “Underserved” Definitions Options 1, 2, and 3

Underserved Definition	First Choice Option	Acceptable Option
Option 1: Use ESJ Action Plan Definition <b>(2 first choice, 13 acceptable<sup>30</sup>)</b>	Cal Advocates CodeCycle	3C-REN BayREN Cal Advocates CEDMC CodeCycle High Sierra Energy Foundation Resource Innovations Rising Sun Center for Opportunity SBUA SCE SCG SJVCEO TRC
Option 2: Use ESJ Action Plan Definition + allow an avenue for PAs to propose additional ‘underserved’ with rationale. <b>(19 first choice, 21 acceptable)</b>	3C-REN BayREN CEDMC CSE* EEC* NRDC PG&E Resource Innovations Rising Sun Center for Opportunity* SBUA* SCE SCG SDGE Silent Running LLC* SJVCEO SoCalREN* The Energy Coalition TRC Viridis Consulting	3C-REN BayREN CEDMC CodeCycle CSE EEC High Sierra Energy Foundation NRDC PG&E Resource Innovations Rising Sun Center for Opportunity SBUA SCE SCG SDGE Silent Running LLC SJVCEO SoCalREN The Energy Coalition TRC Viridis Consulting
Option 3: Allow the PAs to determine underserved. <b>(3 first choice, 14 acceptable)</b>	High Sierra Energy Foundation MCE* RCEA	3C-REN BayREN CEDMC CodeCycle High Sierra Energy Foundation MCE RCEA Resource Innovations Rising Sun Center for Opportunity SBUA SCE SCG SJVCEO TRC

<sup>30</sup> Members were asked if “Regardless of your 1st choice, are all three options acceptable to your organization?” – some Members found only two of three options acceptable. See Appendix C for details



## 5.4 Reporting Templates

PG&E, BayREN, and SCE collaborated on the development of these tables as a visual illustration of how the reporting of the new Equity segment metrics and indicators would work in practice. The intent of these tables is to help PAs understand the information they would be expected to collect, track, and report, and for stakeholders to see what information would be available, and how it would be presented, for their review, if the CAEECC WG current proposal were to be adopted.

It is included here based on advocates' interest in holding a conversation with interested stakeholders prior to the February 2022 filing to discuss issues such as the following: what happens with programs that fit into multiple categories, how do you show progress in the Equity segment for program categorized as Resource Acquisition that also make significant impact towards the Equity segment objective, and how to consistently track programs that aren't applicable.

Note, the categories proposed below each metric are ways to define what "served" means in the context of the metric. These were designed with the intention of being manageable to track (i.e., only 2-3 categories are listed per metric). As noted in Principle 5B, **only applicable programs would have to report**. These categories would be indicators to help inform overall progress toward the metric.

The tables below can be found on the CAEECC website<sup>31</sup> and are reproduced here for illustrative purposes.

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<sup>31</sup> <https://www.caeec.org/equity-metrics-working-group-meeting>

### A.1-A.9: Metrics & Indicators to Measure Who and How Target Populations are “Served”

Metric (dark green) and Metric/Indicator (light blue) to Measure Who and How Target Populations are “Served”	DAC/HTR/Underserved customer/HH/building/project/participant count:
A.1. Total # residential (SF or MF unit) equity-targeted <u>households (HHs)</u> served by the Equity programs	
Single Family – equity market support (ex: education, information, training, technical support, etc.)	
Single family – equity resource acquisition (ex: energy saving action, etc. )	
Multifamily – equity market support (ex: education, information, training, technical support, etc.)	
Multifamily – equity resource acquisition (ex: energy saving action, etc. )	
A.2. Total # MF equity-targeted <u>buildings</u> served by the Equity programs	
Equity - Market support (ex: education, information, training, technical support, etc.)	
Equity - resource acquisition (ex: energy saving action, etc. )	
A.3. Total # <u>Ag or Ind.</u> equity-targeted <u>customers</u> served by the Equity programs	
Ag – equity market support (ex: education, information, training, technical support, etc.)	
Ag – equity resource acquisition (ex: energy saving action, etc. )	
Ind – equity market support (ex: education, information, training, technical support, etc.)	
Ind – equity resource acquisition (ex: energy saving action, etc. )	
A.4. Total # equity-targeted <u>public facilities and equipment or community projects</u> served by the Equity programs	
Equity - Market support (ex: education, information, training, technical support, etc.)	
Equity - resource acquisition (ex: energy saving action, etc. )	
A.5. Total # <u>small and medium business (SMB)</u> equity-targeted <u>participants</u> served by the Equity programs	
Equity - Market support (ex: education, information, training, technical support, etc.)	
Equity - resource acquisition (ex: energy saving action, etc. )	
A.6. Total # of companies/non-profits served by the Equity Segment programs	
Equity - Market support (ex: education, information, training, technical support, etc.)	
Equity - resource acquisition (ex: energy saving action, etc. )	
A.7. Total # of <u>contractors/workers</u> served by Equity Segment Programs	
A.8. Total # (indicator for all) [and % (metric for PAs with no relevant legal restriction)] of <u>contractors and/or workers that are disadvantaged workers or otherwise underrepresented, who are directly involved in implementing</u> Equity Segment programs	
A.9. Total # (indicator for all) [and % (metric for PAs with no relevant legal restriction)] of <u>companies/non-profits who are Diverse Business Enterprises (DBE) or otherwise underrepresented (e.g., BIPOC-owned) with contracts to implement</u> Equity Segment programs	
Notes:	
Record each household/building/customer only once	
Counts of market support participants should be market support engagement only with no resource acquisition elements	
Resource acquisition counts include participants with claimable savings	

## B.1-B.3: Metrics & Indicators to Assess Energy and/or Cost Savings in Targeted Populations

Metric (dark green), Consensus Indicator (light green), and Non-Consensus Indicator (tan) to Assess Energy and/or Cost Savings in Targeted Populations	Savings	
<b>B.1. Expected first-year bill savings in total \$ for equity-targeted program participants (metric)</b>  <i>[Note: intent is to ensure relevant programs are designed to help the participant directly save money even if not through a CPUC program. Calcs would be prospective and compared to baseline conditions to focus upgrades on the most impactful measures/strategies. This is a broader or "more loose" calculation of energy savings that would include kits, etc.] [participant perspective/all savings]</i>	\$	
<b>B.2. Direct Savings from Equity Segment programs</b>		
GHG reductions (tons)		
Total kWh savings		
Total therm savings		
Total kW savings		
<b>B.3. Non-Consensus Item: Count and type of community engagement activities targeted at disadvantaged, hard-to-reach, and underserved communities:</b>		<b>B.3. is a non-consensus item</b>
Community engagement activities during program design and to identify community needs and solutions	(count)	(types)
Community engagement activities during program implementation	(count)	(types)
Community engagement activities during program assessment	(count)	(types)
Metrics = dark green		
Consensus Indicator (light green)		
Non-Consensus Indicator (tan)		

## C.1: Indicators for "Holistic" Benefits

Indicator for "Holistic" Benefits	\$	Units/count
<b>C.1. Combined total benefits to participants and to society as a whole (all A-E below in \$ and/or units until units can be monetized)</b>		
A. Energy and climate benefits (monetized within TSB)	(=TSB)	
B. <u>Health</u> – "non-energy benefits" in "counts of participants receiving this benefit" until we can monetize. Reporting at least one of: Indoor air quality, Outdoor air quality (e.g., reduction in emissions from gas combustion appliances that vent to nearby outdoor air), Reduction in interior contaminants/biologics, other		
C. <u>Comfort</u> – "non-energy benefits" in "counts of participants receiving this benefit" until we can monetize. Reporting at least one of: reduced drafts, quieter interior, managed interior temp, other		
D. <u>Safety</u> – "non-energy benefits" in "counts of participants receiving this benefit" until we can monetize. Reporting at least one of: improved safety of appliances, other		
E. <u>Economic or other "non-energy benefits"</u> (as proposed by the PAs or program) in dollars or "counts of participants receiving this benefit" until we can monetize		
Note: white cells indicate where a standard calculation methodology is not yet determined for this indicator; a PA may have a method for populating		

## 5.5 Demographic Data and Data Systems Integration Ideas

The following two items were raised at the 9/29/2021 EMWG meeting but were not thoroughly discussed.

1. Collect and track specific demographic data (race, ethnicity, gender, geography, and/or income (REGGI))
2. Data Systems Integration: Track yes/no

One or more Members found value in these items and inquired as to whether such issues could be taken up by the CPUC's reporting team or through another avenue that would enable data tracking of demographics and/or data systems (two separate topics) to apply to the full energy efficiency portfolio.

## Appendix A: Working Group Member Organizations and Representatives

Table A.1: EMWG Member Leads and Alternates

Organization	Lead	Alternate
Bay Area Regional Energy Network (BayREN)	Jennifer Mitchell-Jackson	Jenny Berg
California Efficiency + Demand Management Council (CEDMC)	Serj Berelson	Greg Wikler
Center for Sustainable Energy (CSE)	Stephen Gunther	Fabi Lao
CodeCycle	Dan Suyeyasu	
Energy Efficiency Council (EEC)	Allan Rago	Ron Garcia
High Sierra Energy Foundation	Pam Bold	
MCE	Stephanie Chen	Qua Vallery
Natural Resources Defense Council (NRDC)	Julia de Lamare	Lara Ettenson
Pacific Gas and Electric (PG&E)	Lucy Morris	
Public Advocates Office (Cal Advocates)	Dan Buch	Augie Clements
Redwood Coast Energy Authority (RCEA)	Aisha Cissna	Stephen Kullmann
Resource Innovations	Corey Grace	Bobby Johnson
Rising Sun Center for Opportunity	Alejandro Castelan	Julia Hatton
San Diego Gas and Electric (SDGE)	Elaine Allyn	DeDe Henry
San Joaquin Valley Clean Energy Organization (SJVCEO)	Courtney Kalashian	Samantha Doderio
Silent Running LLC	James Dodenhoff	
Small Business Utility Advocates (SBUA)	Ted Howard	Theo Love
Southern California Edison (SCE)	Christopher Malotte	Patty Neri
Southern California Gas (SCG)	Kevin Ehsani	Halley Fitzpatrick/Art Montoya
Southern California Regional Energy Network (SoCalREN)	Lujuana Medina	Sheena Tran
The Energy Coalition	Laurel Rothschild	Melanie Peck
TRC	Sophia Hartkopf	Marissa Van Sant
Tri-County Regional Energy Network (3C-REN)	Alejandra Tellez	Marisa Hanson-Lopez
Viridis Consulting	Mabell Garcia Paine	Don Arambula
<b>Ex-Officio/Resource (non-voting):</b>		
American Council for an Energy-Efficient Economy (ACEEE)	Roxana Ayala	Ariel Drehobl
California Air Resources Board (CARB)	Emma Tome	Melanie Zauscher
California Energy Commission (CEC)	Brian Samuelson	
California Public Utilities Commission (CPUC)	Ely Jacobsohn	

## Appendix B: Rationale and EMWG Member Preferences for Community Engagement Non-Consensus Options

The high-level description of options for how to frame community engagement appear in the related section (i.e., Section 2 for Principle and Section 4 for Indicator). Because the options span multiple chapters in this report, we've included the detailed rationale text in this appendix, as well as a table summarizing EMWG Member preferences.

**Option 1: PAs should track and report the counts and types of community engagement activities targeted at disadvantaged, hard-to-reach, and underserved communities as the following three sub-indicators:**

1. Sub-Indicator 1: Community engagement activities during program design and to identify community needs and solutions
2. Sub-Indicator 2: Community engagement activities during program implementation
3. Sub-Indicator 3: Community engagement activities during program assessment

PAs should track and report the counts and types of community engagement activities as the three sub-indicators listed for the Equity Segment. It may be the case that activities are tracked at the program level and then aggregated for reporting on segment level indicators (please refer to Figure B.1 for a visual illustration). Regarding community engagement as an indicator will demonstrate the PAs are intentional about operationalizing equity in their Equity Segment programs. Considering community engagement solely as a principle, which would not be required to be tracked and reported on consistently, is not sufficient to demonstrate the prioritization of equity. Furthermore, no two communities are the same, therefore, the energy efficiency needs and solutions identified by residents in one community will vary from those identified by another. It would be less effective and impactful for PAs to execute the same types and number of community engagement activities to address this range of needs and solutions. A more targeted approach is for PAs to develop engagement activities tailored for the communities in each of their territories.<sup>32</sup> Additionally, tracking community engagement as an indicator (with sub-indicators) will provide insights and establish processes for potential future metric development for Equity Segment programs.

Recommended community engagement and outreach activities that PAs could execute include, but are not limited to:

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<sup>32</sup> There is precedent for this customized approach. The CPUC's San Joaquin Valley Disadvantaged Communities Pilots Projects (per D.18-12-015) has a [tailored](#) outreach and engagement plan for each of the 11 communities in the pilot.

Table B.1: Recommended Community Engagement Activities

<b>Recommended Community Engagement Activities<sup>33</sup></b>			
	<b>Sub-Indicator 1: Community Engagement Activities During Program Design and to Identify Community Needs and Solutions</b>	<b>Sub-Indicator 2: Community Engagement Activities During Program Implementation</b>	<b>Sub-Indicator 3: Community Engagement Activities During Program Assessment</b>
Consult with advisory board/council/committee <sup>34</sup>	✓	✓	✓
Partner with community-based organizations (CBOs) to conduct engagement, education and outreach	✓	✓	✓
Community-based participatory research and pre- and post-treatment participant satisfaction surveys	✓	✓	✓
Community and stakeholder meetings, webinars and calls	✓	✓	✓
Community benefit agreements	✓		
Door-to-door canvassing	✓	✓	
Educational events (e.g., workshops, present during existing community events)	✓	✓	
Educational materials and information sharing (e.g., website, social media, flyers, signs in project area, radio, newspaper)	✓	✓	
Focus groups and listening sessions	✓	✓	✓

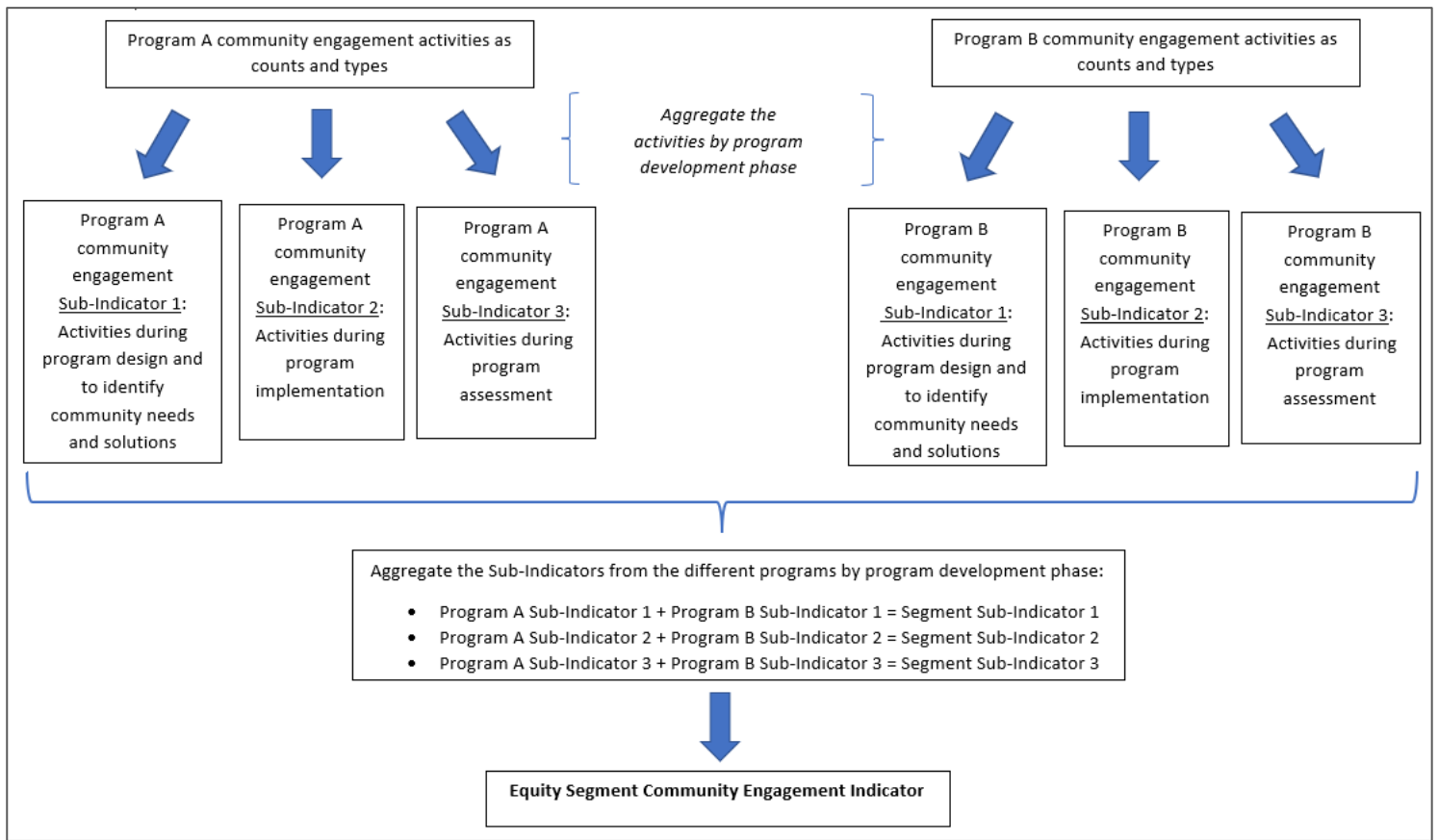
<sup>33</sup> The table is adapted from the California Air Resources Board’s Community Inclusion Guidance ([https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65\\_c20ff8e70e4e4d299457425028da3840.pdf](https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_c20ff8e70e4e4d299457425028da3840.pdf)) for its Sustainable Transportation Equity Project (STEP).

<sup>34</sup> If a PA has an existing community advisory body or is in the process of creating one (e.g., PGE’s Community Perspectives Advisory Council ([https://www.pge.com/pge\\_global/common/pdfs/for-our-business-partners/purchasing-program/bid-opportunities/2021-COA-RFP-118185-CBO-Community-Advisory-Council.pdf](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/purchasing-program/bid-opportunities/2021-COA-RFP-118185-CBO-Community-Advisory-Council.pdf))), the PA should consult this body so it may provide input on the Equity Segment program(s).

Staff positions focused on community engagement, outreach and education	✓	✓	✓
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This table serves as a guide, as a starting point for PAs. They should employ a combination of activities that is most appropriate to the context and needs of the communities in their territories. Consulting with community leaders and CBOs can help PAs identify which engagement activities would be the most effective and impactful, including ones that might not be listed in the table. The check marks in the table are guides to help PAs determine which engagement activities will assist with different phases of program development (each sub-indicator represents a different phase). After incorporating community feedback into their decision-making, a PA can decide that for the context of a program, one of the recommended check marks does not fit their purposes. If so, the PA should indicate in their reporting narrative, including the input received from community leaders and CBOs, the rationale for this choice (e.g., X activity only applies to program design & implementation; Y activity only applies to program implementation).

**Figure B.1: Example Visual Illustration of Community Engagement Option 1 Proposal**  
 (Note: there could be one program or more than two programs for the Equity segment)



If an engagement activity includes partnering with community leaders and CBOs, PAs should compensate them for their time and expertise.<sup>35</sup> Along with conducting education and outreach tasks, CBOs and community leaders should also be consulted in the design and iterative assessment of the program’s overall outreach and engagement strategies. Their feedback should be incorporated as program updates and changes are made.

PAs should address both the quantity and quality of their engagement and outreach activities in the narrative of the program reporting to ensure accountability of the Equity Segment. For example, if a PA chooses to hold community meetings to inform customers about the Equity

<sup>35</sup> Examples of advisory council and compensation structures can be found in SCE’s Request For Proposal ([https://www.sce.com/sites/default/files/custom-files/Request for Proposal SCE\\_CRLG\\_Final \(2\).pdf](https://www.sce.com/sites/default/files/custom-files/Request%20for%20Proposal%20SCE%20CRLG%20Final%20(2).pdf)) for its Climate Resilience Leadership Group, PGE’s Contract Opportunity Announcement ([https://www.pge.com/pge\\_global/common/pdfs/for-our-business-partners/purchasing-program/bid-opportunities/2021-COA-RFP-118185-CBO-Community-Advisory-Council.pdf](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/purchasing-program/bid-opportunities/2021-COA-RFP-118185-CBO-Community-Advisory-Council.pdf)) for its Community Perspectives Advisory Council, and the Request For Applications ([https://calsomah.org/sites/default/files/AC Cohort 2.0 Request for Application.pdf](https://calsomah.org/sites/default/files/AC_Cohort_2.0_Request_for_Application.pdf)) for the second cohort of the Solar on Multifamily Affordable Housing (SOMAH) Program’s Advisory Council.



Segment program(s), the PA should include in its report the number of meetings that were held, the number of attendees in each meeting, and a description of what was discussed during those meetings. If a PA chooses to consult with an advisory body, such as a council or committee, the PA should describe in its report when it consulted this body, as well as the topics that were discussed and the feedback received.

### **Option 2: Community engagement as a principle.**

Community Engagement should be a stand-alone principle that indicates the importance of engaging community members (at the appropriate levels) when designing, implementing and evaluating programs. This position is based on the following:

- The deadlines for the working group report did not allow sufficient time for discussion of a community engagement indicator. More time and thought should be put into how to measure community engagement.
- We note that the current proposal is not one indicator, but rather a complex matrix and flow chart with supporting directions that was not vetted or agreed upon within the working group. It was clarified days after the final meeting that the current proposal is for one indicator with three sub-indicators. While this clarification is useful (since previous iterations appeared to be 10, or perhaps even 30 indicators), there is a need for further discussion to make sure that the examples provided will really provide stakeholders with relevant and reliable information. Currently, it is not sufficiently clear to all of the PAs what is being requested in this formulation and moreover several of the PAs have alternative community engagement approaches that are underway and should also be discussed before adopting a suggested approach.
- While indicators are not required to have targets, they should have most of the S.M.A.R.T. characteristics of a metric, i.e., they should be Specific, Measurable, Achievable, Relevant and Time-Bound. While we acknowledge that many of the 10 items shown in the “Recommended Community Engagement Activities” table of the proposal are valuable, some of the items in the current matrix (e.g., educational materials and information sharing described as website, social media, flyers, signs in project area, radio, newspaper) are shown to be within two different indicators and would need further clarification in terms of measurement and relevancy. In the proposed indicator example, it is unclear if a PA should count a website as one thing, and social media as a second thing, or if you would count the number of impressions for each (e.g., 200,000 website hits and 20,000 social media impressions). Moreover, the educational materials – while an important part of any program – represent activities that inform (in one direction) rather than really engaging community members (in two directions) and so may not be a specific (or relevant) indicator of community engagement. Other items in the table, such as door-to-door canvassing, may not be appropriate for some DAC, HTR or underserved HH, businesses and communities. While this is recognized in the text surrounding the proposed indicator, there is an assumption behind the measurement (and interpretation) of any indicator that it should move in a specific direction, e.g., more is better or less is better. In the case of this proposed indicator, 200,000 engagements

would most likely be viewed as more valuable than 400 engagements, but the 200,000 may be impressions while the 400 are in-depth discussions with equity-targeted groups. As such, we feel that the current proposal has not been vetted well enough to be specific, relevant or reliable and as currently presented, may not accurately convey the quantity or quality of the community engagement to stakeholders – especially if the PAs do not understand what is needed and could then provide inconsistent information.

As such, we propose that Community Engagement be a principle that is aligned with the ESJ Action Plan, as described below until there is sufficient time to consider and discuss this topic further.

#### Principle #7: Community Engagement

Equity-segment programs must have a primary focus of “providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan.” Equity-segment programs should also seek to **enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in both the program development process and benefit from CPUC programs** (as paraphrased by Goal 5 of the ESJ). This includes ESJ Goal 5 objectives that directly relate to Equity-segment programs, including:

- Interacting directly with communities to understand how they want to engage with Equity-segment programs.
- Creating outreach strategies that introduce Equity-segment program benefits to ESJ communities.
- Fostering open dialogues on environmental and social justice and enhancing program opportunities and delivery to ESJ communities.
- Disseminating appropriate and useful information to key stakeholders affected in ESJ communities.

The EMWG members who prefer each option and find each option acceptable is presented below in Table B.2. In addition, some Working Group Members (indicated by a \*) have provided comments to clarify and elaborate on their option choices in Appendix C.

Table B.2: EMWG Support of Community Engagement Options 1 and 2

Community Engagement Option	First Choice Option	Acceptable Option
Option 1: Community engagement as an Indicator <b>(8 first choice, 17 acceptable)</b>	CSE MCE NRDC Rising Sun Center for Opportunity SBUA* Silent Running LLC* SoCalREN The Energy Coalition*	CEDMC CodeCycle CSE EEC High Sierra Energy Foundation MCE NRDC Rising Sun Center for Opportunity RCEA Resource Innovations SBUA Silent Running LLC SJVCEO SoCalREN The Energy Coalition TRC Viridis Consulting
Option 2: Community engagement as a principle <b>(16 first choice, 22 acceptable)</b>	3C-REN BayREN* Cal Advocates CEDMC CodeCycle EEC High Sierra Energy Foundation PG&E RCEA Resource Innovations SCE SCG SDGE SJVCEO TRC Viridis Consulting	3C-REN BayREN Cal Advocates CEDMC CodeCycle EEC High Sierra Energy Foundation MCE NRDC PG&E RCEA Resource Innovations Rising Sun Center for Opportunity SBUA SCE SCG SDGE SJVCEO SoCalREN The Energy Coalition TRC Viridis Consulting

## Appendix C: Organization-Level Comments on Non-Consensus Option Choices

The comments below are intended as a supplement to the option descriptions in the body of the report; these comments represent individual Working Group Members' additional perspectives and commentary.

### Principle #6: Target Setting

Option 1: Targets will be set by the PAs for Equity segment metrics following the collection of the first two program years of data (or a baseline has been set using reasonable proxy data)

**3C-REN:** Option 2 acceptable but it will just add more work to PA's

**BayREN:** Option 2 (which requires additional filings through a Petition for Modification) would result in significant regulatory effort by the Commission and PAs, which is contrary to the goal of reducing regulatory churn.

**SDGE:** Having a baseline to be able to set targets is crucial, given this is a new designation with little or no background information for PAs to use.

**Silent Running LLC:** Option #1 is reasonable and should also have PA s and stakeholders fine tune access to and practical collection of data.

Option 2: In their Budget Applications, PAs will propose targets and/or set a date certain by which they will propose targets for all Equity segment metrics

**Resource Innovations:** Waiting 2 years to set metrics seems too long. Maybe the timeline in Option 1 could be changed or metrics could be set with a date for re-aligning them with the data once it comes in if needed.

**SBUA:** While we prefer Option 2, if a Petition for Modification is filed by a PA regarding collecting baseline data, we would support an expedited process wherever feasible.

**SoCalREN:** I think maybe just clarifying that metric targets could be true-d up in the mid-cycle advice letters if option 2 is chosen may be helpful to other PAs. The market and industry is always evolving but we need to start showing some accountability for equity

### Community Engagement as a Principle or Indicator

Option 1: Community engagement as an Indicator

**SBUA:** SBUA supports Option 1, while recognizing some valid concerns raised for the rationale of Option 2 listed in Appendix B of the Final Report. We trust that the indicators proposed in Option 1 can be applied with sufficient flexibility to diminish those concerns.

**Silent Running:** I believe Community Engagement is a "guiding principle" in most ee programs today. Yet we clearly do not have sufficient community engagement to make our current programs equitable. Having CE as an indicator will catalyze the success of Equity Segment programs.

**The Energy Coalition:** Authentic community engagement and feedback are critical to equity programs and should not be limited to PAs to determine the level of engagement. For example, third-party implementers should also be expected to determine what meaningful community engagement activities should be conducted relative to the unique community to be served.

#### Option 2: Community engagement as a Principle

**BayREN:** We fully support community engagement but more thought is required before determining the best measurement of community engagement. It is not clear to all of the PAs what is being requested and several of the PAs have alternative community engagement approaches that are underway and should also be discussed before adopting a suggested approach. The current proposal for an indicator was not able to be discussed fully with the working group. Several PAs were not given a chance to provide comments during the working group meeting due to time limitations.

### Underserved Definition

#### Option 1: Use ESJ Action Plan Definition

[no comments]

#### Option 2: Use ESJ Action Plan Definition + allow an avenue for PAs to propose additional 'underserved' with rationale

**CSE:** We find Option 1 acceptable.

**EEC:** Options 1 or 2 would be ok but we don't support #3.

**Rising Sun Center for Opportunity:** The first and second options are acceptable, not Option 3

**SBUA:** SBUA prefers Option 2, as it enables PAs to include certain customer segments which may not be included in the CPUC ESJ definition, including small businesses and other customer classes listed under Option 2 in Section 5.3.

**Silent Running:** Option 2 is a fair and reasonable compromise. The PA s have previously shown their inability to define undeserved customers and to equitably serve them.

**SoCalREN:** Our concern is that PAs will utilize the definition to include categories or communities who are more affluent and distinctly different than those who would be underserved or experiencing inequitable environmental justice so that they can meet the definition. More resources must be identified to reach those in the most need in particular vulnerable communities and marginalized communities.

Option 3: Allow the PAs to determine Underserved

**MCE:** MCE's first choice would be Option 3, and Option 2 would also be acceptable. Option 1 may be overly narrow when it comes to implementation, and would not be acceptable to MCE.

## Appendix D: Equity Metrics Workshop Participation and Input

### D.1 Background

On August 31, 2021, the CAEECC hosted a workshop to solicit stakeholder input on Objectives and Metrics for the Equity segment. The workshop was held via Zoom. A total of 78 members of the public participated, plus 35 representatives from 24 WG Member organizations (including Leads, Alternates and Ex Officio). A full list of meeting attendees is provided in section B.2 Workshop Attendee List, below.

To solicit input virtually, a platform called Mural was used, which allows participants to provide input online. Participants were randomly assigned to one of six breakout groups, each of which was facilitated by a member of the CAEECC facilitation team or a WG member. In keeping with the purpose of the workshop, non-WG members were given priority during the discussion.

The four breakout questions were as follows:

1. What do you think the new Equity segment should achieve?
2. Should we focus on customers or also energy efficiency service providers?
3. Who is at risk of not being served?
4. How should we measure progress?

See section B.3 Input Summaries from Breakout Groups for screenshots of the Murals from the six breakout groups.

### D.2 Workshop Attendee List

Table D.1: Equity Metrics Workshop Attendee List

Organizational Affiliation	First Name	Last Name
<b>Equity Working Group Member Representatives, Alternates, and Presenters</b>		
3C-REN	Alejandra	Tellez
BayREN	Jennifer	Berg
BayREN	Jenn	Mitchell-Jackson
CalPA	Daniel	Buch
CalPA	Augustus	Clements
California Efficiency + Demand Management Council	Serj	Berelson
Center for Sustainable Energy	Fabiola	Lao
Energy Efficiency Council	Ron	Garcia
Energy Efficiency Council	Allan	Rago
High Sierra Energy Foundation	Pam	Bold
MCE	Stephanie	Chen

Natural Resources Defense Council	Julia	de Lamare
Natural Resources Defense Council	Lara	Ettenson
Pacific Gas and Electric	Lucy	Morris
Redwood Coast Energy Authority	Aisha	Cissna
Resource Innovations	Corey	Grace
Rising Sun Center for Opportunity	Alejandro	Castelan
Silent Running LLC	James	Dodenhoff
Small Business Utility Advocates	Ted	Howard
SoCalGas	Kevin	Ehsani
SoCalGas	Halley	Fitzpatrick
SoCalREN	Fernanda	Craig
Southern California Edison	Christopher	Malotte
Southern California Edison	Patricia	Neri
The Energy Coalition	Melanie	Peck
The Energy Coalition	Laurel	Rothschild
Viridis	Don	Arambula
<b>Ex-Officio</b>		
ACEEE	Roxana	Ayala
California Air Resources Board	Emma	Tome
California Energy Commission	Kristina	Duloglo
California Energy Commission	Aparna	Menon
CPUC	Ely	Jacobsohn
CPUC	Nils	Strindberg
CPUC	Jason	Symonds
CPUC	Leuwam	Tesfai
<b>Other Interested Stakeholders</b>		
Bidgely	Raine	Giorgio
Bidgely	Pauravi	Shah
BluePoint Planning	Yeymi	Rivas
California Energy Commission	Troy	Dorai
California Energy Commission	Tiffany	Mateo
CPUC	Nicole	Cropper
CPUC	Peter	Franzese
CPUC	Peng	Gong
CPUC	Valerie	Kao
CPUC	Sarah	Lerhaupt
CPUC	Monica	Palmeira



CPUC	Asia	Powell
CPUC	Agatha	Wein
CPUC	Cheryl	Wynn
CHEEF	Kaylee	D'Amico
City of Irvine	Jose	Castaneda
Daikin North America	Matt	Baker
East Bay Community Energy	Beckie	Menten
Energy Solutions	Britney	Blankenship
Energy Solutions	Evan	Kamei
Enervee	Anne	Niederberger
Franklin Energy	Jonathan	Budner
Franklin Energy	Chad	Ihrig
Franklin Energy	Justin	Kjeldsen
FS Consulting	Frank	Spasaro
Gemini Energy Solutions	Anthony	Kinslow II
Greencat	David	Shallenberger
ICF International	Alice	Liddell
Idaho Power Company	Jim	Burdick
Idaho Power Company	Chris	Cockrell
Idaho Power Company	Marc	Patterson
Institute for Governance & Sustainable Development	Amelia	Murphy
Lawrence Berkeley National Laboratory	Molly	Bertolacini
Lincus	Cody	Coeckelenbergh
MCE	Jennifer	Green
MCE	Michelle	Nochisaki
Opinion Dynamics	Malena	Hernandez
Orange County Power Authority	Antonia	Graham
Pacific Corp	April	Brewer
Pacific Gas and Electric	Claire	Coughlan
Pacific Gas and Electric	Robert	Marcial
Pacific Gas and Electric	Jeffrey	McDowell
Pacific Gas and Electric	Lindsey	Tillisch
Pacific Power	Hallie	Gallinger
Pacific Trade	Ty	Keith
PacifiCorp	Heide	Caswell
PacifiCorp	Nancy	Goddard
PacifiCorp	Peter	Schaffer

Portland General Electric	Jason	Salmi Klotz
Portland General Electric	Jake	Wise
Quality Conservation Services	Richard	Esteves
Recurve	Carmen	Best
Redwood Coast Energy Authority	Marianne	Bithell
Resource Refocus	Anna	LaRue
San Gabriel Valley Council of Governments	Vanessa	Guerra
San Gabriel Valley Council of Governments	Sophia	Sousa
Sierra Business Council	Kari	Sinoff
Southern California Edison	Jose	Buendia
Southern California Edison	Carol	Edwards
Southern California Edison	Tory	Weber
Southern California Gas Company	Rodney	Davis
Southern California Gas Company	Allison	Dourigan
Southern California Gas Company	Karen	Mar
Staples and Associates Inc.	Dennis	Guido
Strategic Energy Innovations	Hannah	Maryanski
Strategic Energy Innovations	Stephen	Miller
The Mendota Group	Grey	Staples
The Ortiz Group LLC	Rachel	Etherington
ThirdACT PBC	Diane	Schrader
Tierra Resource Consultants	Floyd	Keneipp
Tierra Resource Consultants	Gabriela	Limon
Tierra Resource Consultants	Steven	Nguyen
Tre' Laine Associates	Pepper	Hunziker
Verdant Associates	Amy	Buege
Willdan	Antuan	Cannon
Willdan	Liz	Fitzpatrick
Willdan	Spencer	Lipp
Yinsight	Carol	Yin
Facilitators		
CONCUR	Katie	Abrams
CONCUR	Scott	McCreary

### D.3 Summary of Input from Breakout Groups

This section includes six screenshots, one for each of the six breakout groups, showing individual responses to each of the four breakout questions. It has been anonymized. Icons such as stars and checkmarks were used to prioritize sticky notes for the summaries. Within a given breakout group and question, the sticky notes appear in no particular order, except in Breakout E (Figure D.6), some sticky notes were rearranged to group together sticky notes of a similar theme to provide more accurate prioritization.

#### Acronyms used in the Mural screenshots below:

AB1348 – Assembly Bill 1348  
AMI – Area Median Income  
CARE - California Alternate Rates for Energy  
CBO – community-based organization  
DAC – Disadvantaged community, as defined by the CPUC  
DBE – Diverse Business Enterprise  
DER – Distributed Energy Resources  
EE – energy efficiency  
ESA – Energy Savings Assistance program  
ESL – English as a second language  
ESCO – Energy service companies  
FERA - Family Electric Rate Assistance program  
GHGs – Greenhouse gases  
HSC – Health safety and comfort  
HTR – Hard to reach, as defined by the CPUC  
HUD – (U.S. Department of) Housing and Urban Development  
LMI – Low and moderate income  
MBE – Minority Business Enterprise  
MF – Multifamily (residence)  
NEB – Non-energy benefit  
SB350 – Senate Bill 350  
SBE – Small Business Enterprise  
SF – Single family (residence)  
WBE – Women Business Enterprise  
YOY – Year over year

Figure D.1: Equity Workshop “Mural” Input from Breakout Group A



Figure D.2: Equity Workshop “Mural” Input from Breakout Group B

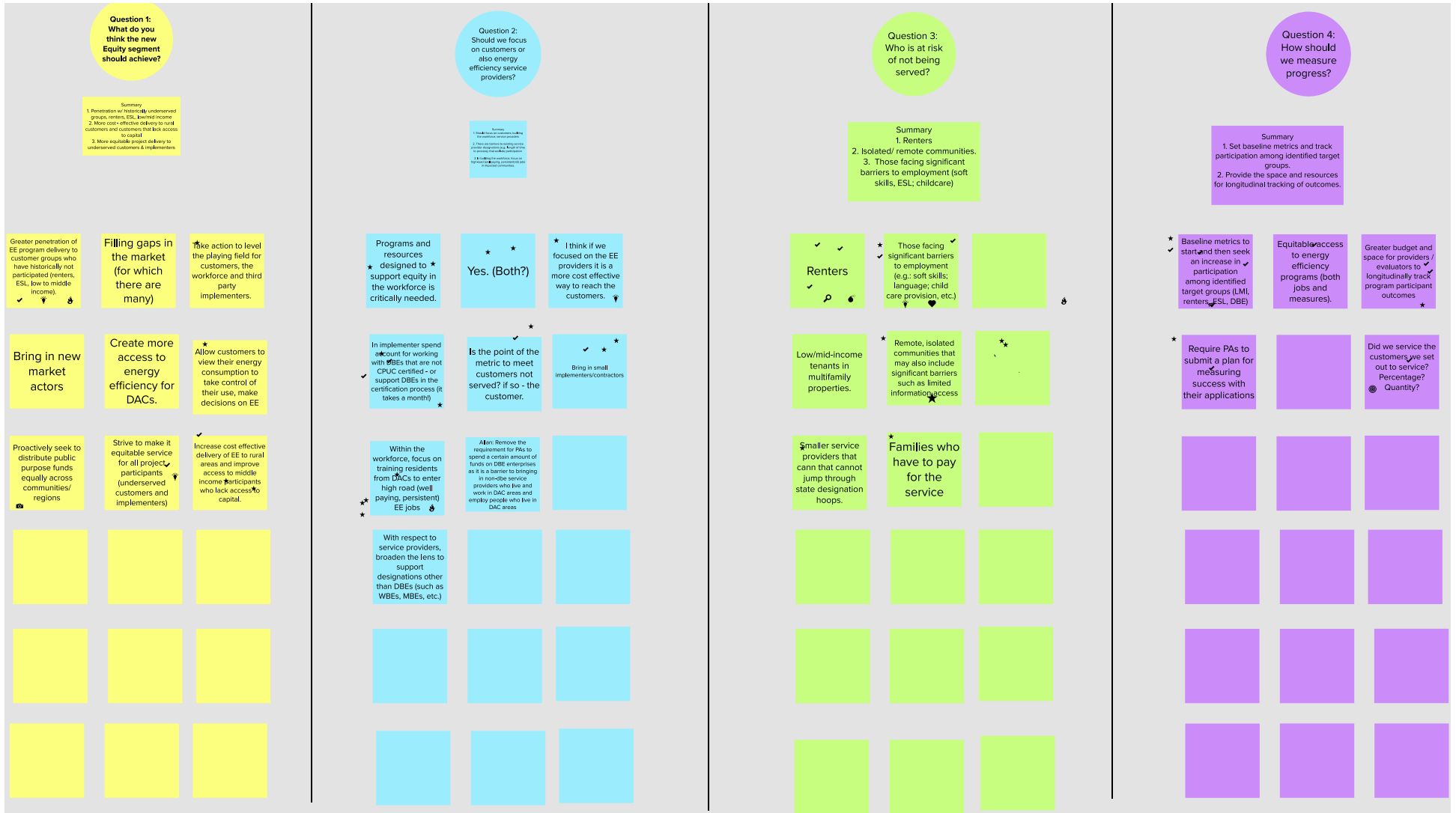


Figure D.3: Equity Workshop “Mural” Input from Breakout Group C

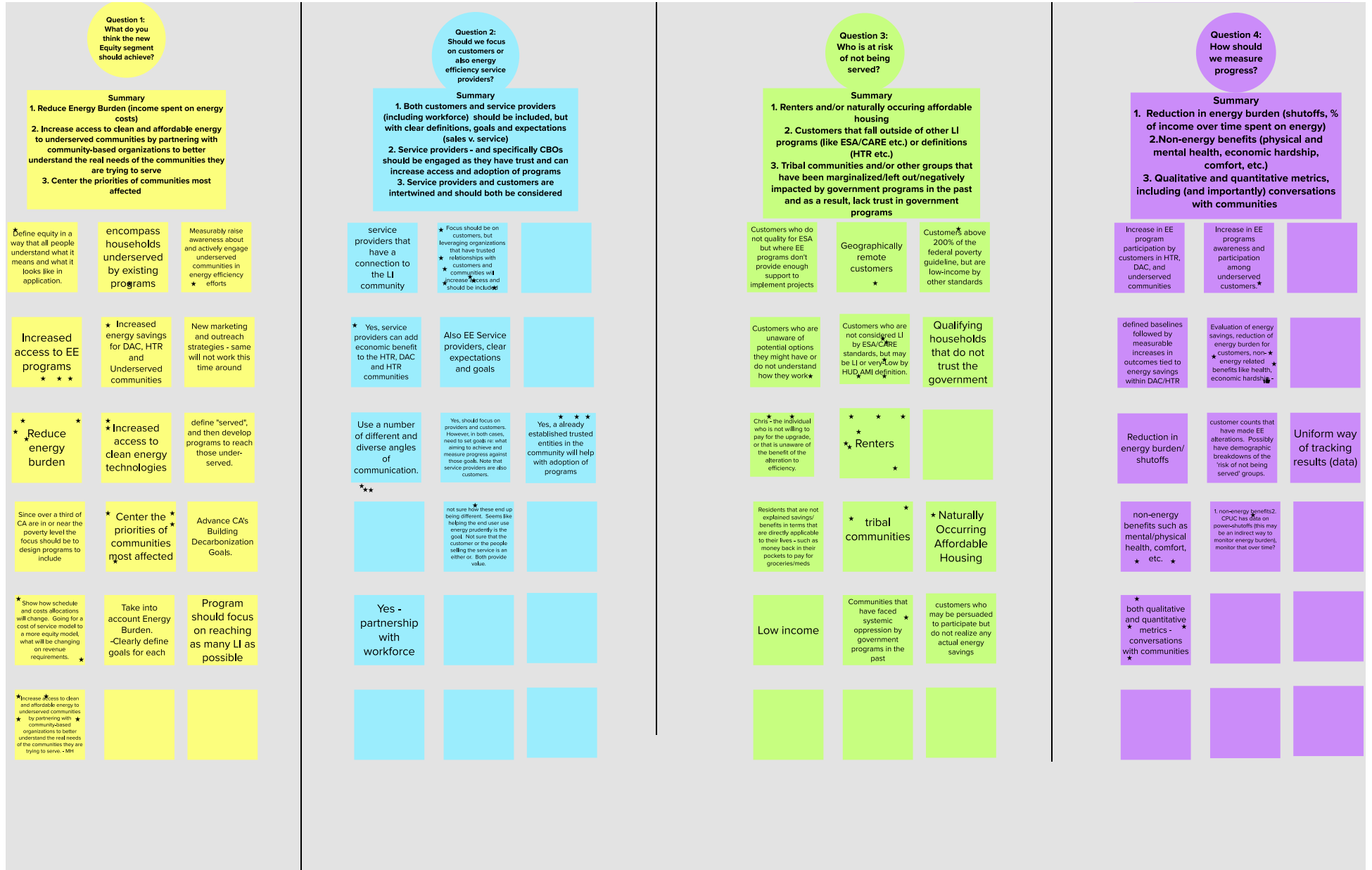


Figure D.4: Equity Workshop “Mural” Input from Breakout Group D

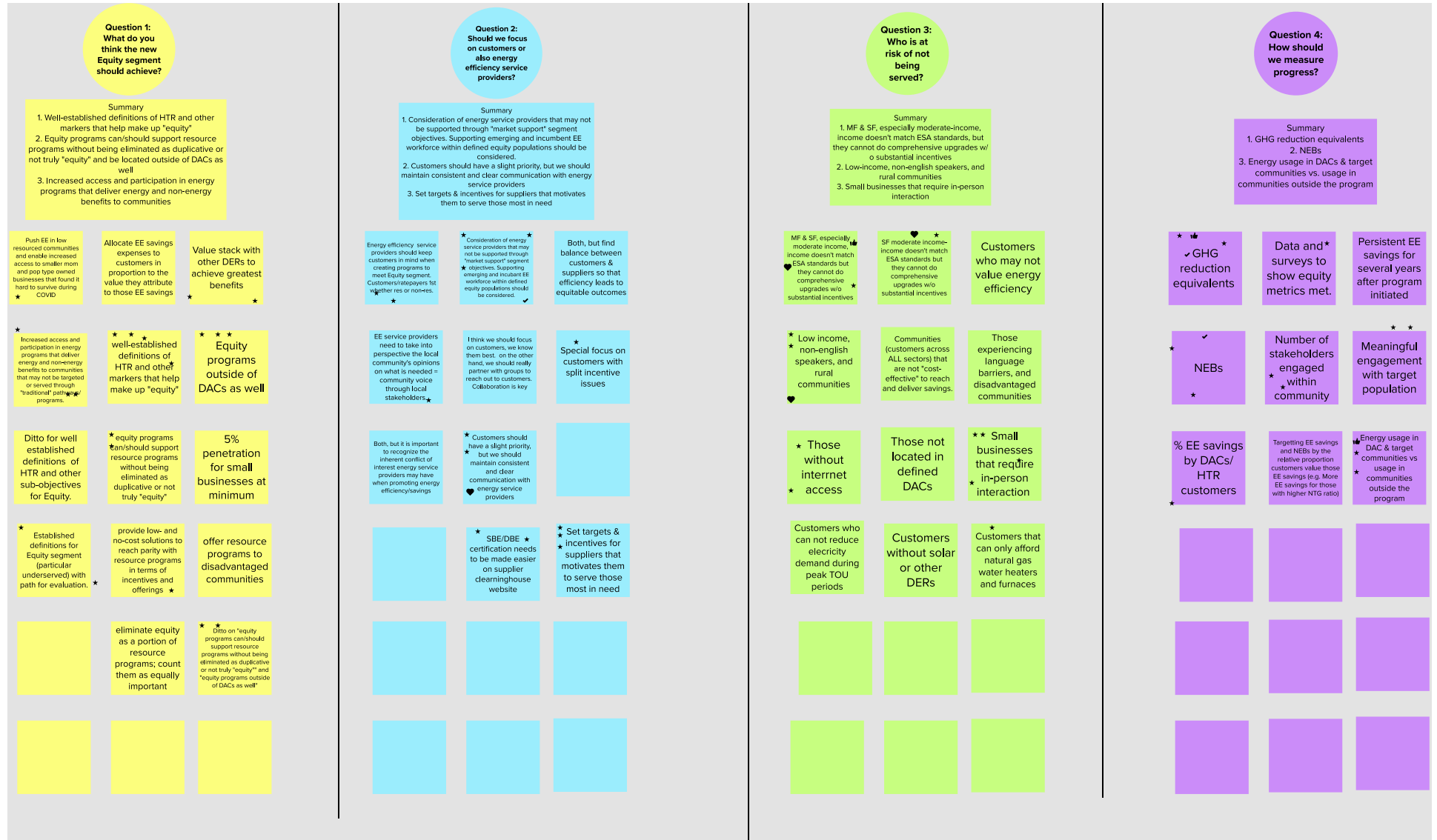


Figure D.5: Equity Workshop “Mural” Input from Breakout Group E

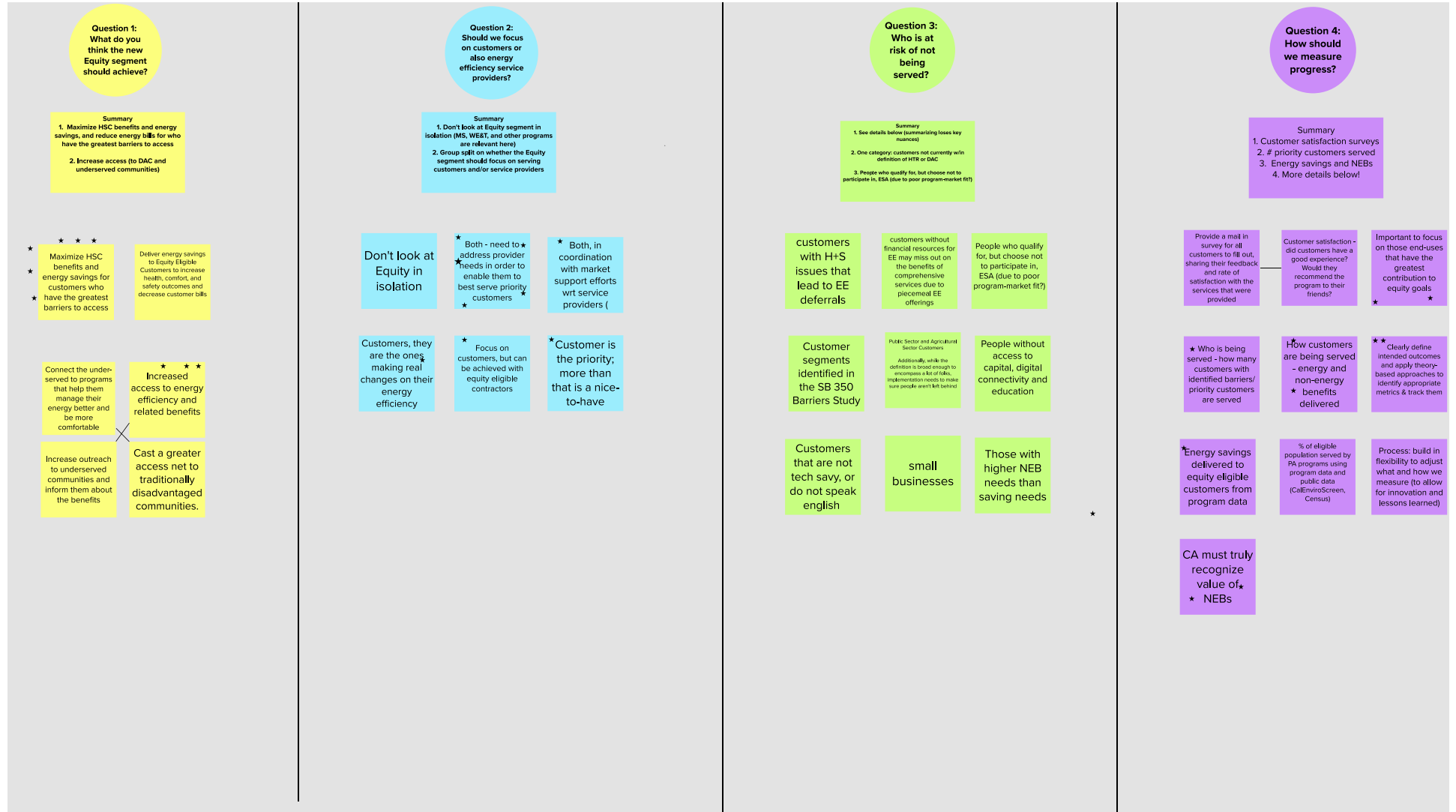
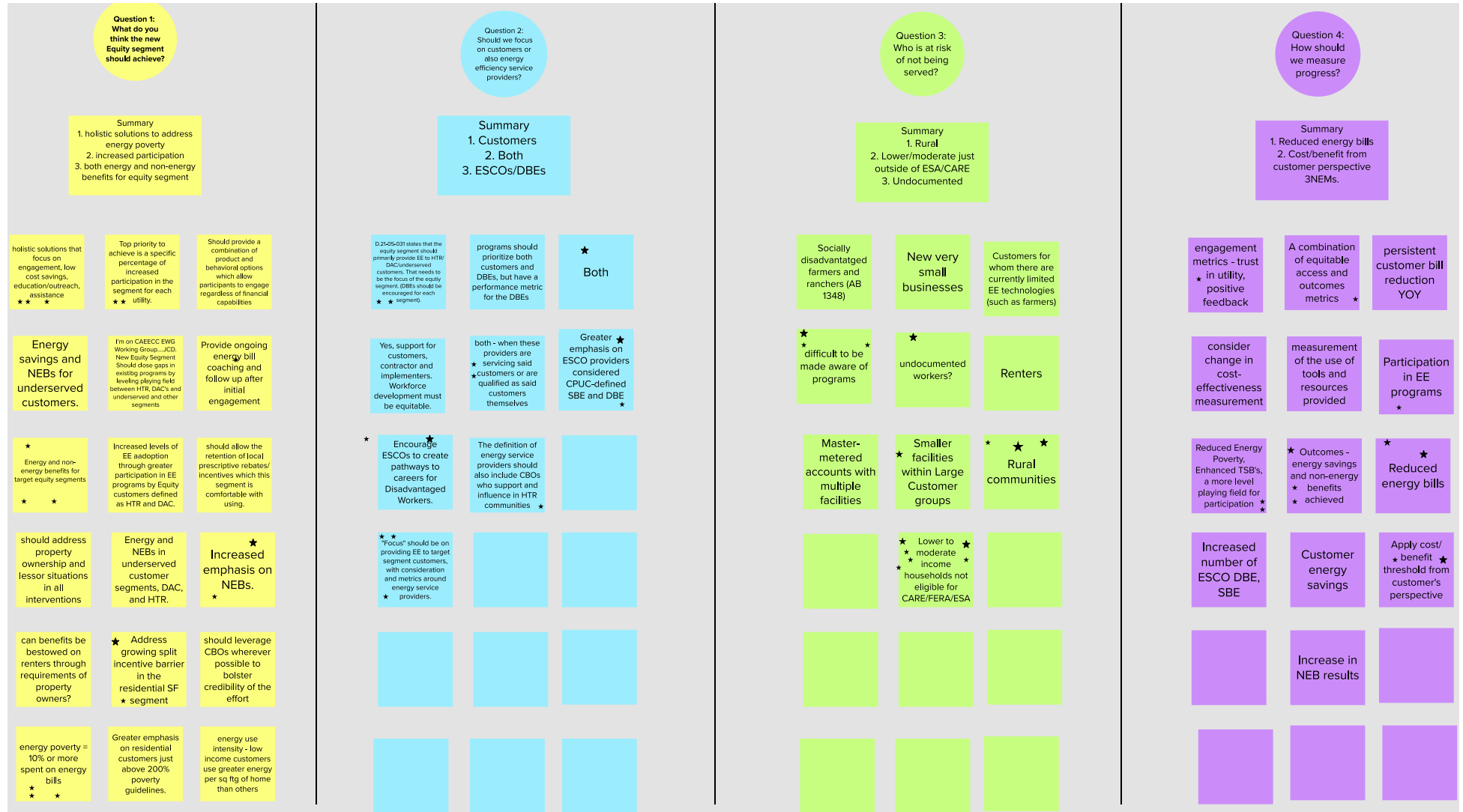




Figure D.6: Equity Workshop “Mural” Input from Breakout Group F



## Appendix E: Small-Medium Business Definition

This Appendix provides definitional context for “Metric A.5: Total # small and medium business equity-targeted participants served by the Equity programs”. The content below is from the SMB Definition Per UWG Analysis June 2021.<sup>36</sup>

As illustrated in the table below, the utilities each have a strict definition of customer class based on usage; however, it does not align across all investor- owned utilities (IOUs). Note that REN and CCA definitions are not included in this analysis.

*Table D.1. IOU Definition of Commercial Customer Classes*

Utility	Small	Medium	Large
SCE	<50 kW	≥50 kW, < 250 kW	≥250 kW
PG&E	<40,000 kWh; <10,000 therms	40,000-500,000 kWh; 10,000-250,000 therms	≥500,000 kWh; ≥250,000 therms
SDG&E <sup>37</sup>	<20 kW; <10,000 therms	20-199 kW	>200 kW; >10,000 therms
SCG	<10,000 therms	10,000 - 50,000 therms	>50,000 therms

California has additional definitions relevant to SMBs and energy efficiency. The official adopted definition of a “small business” adopted in Resolution E-4939 is as follows:

“A small business customer is defined as a non-residential customer with an annual electric usage of 40,000 kilowatt hours (kWh) or less, or an energy demand of 20 kilowatt (kW) or less, or annual consumption of 10,000 therms of gas or less. Alternatively, a small business customer is a customer who meets the definition of “micro-business” in California Government Code Section 14837.”

This definition brings up additional considerations beyond usage by referencing “micro-business”, which is defined by the California Government Code Section 14837 “as a business, together with affiliates, that has average annual gross receipts of \$3,500,000 or less over the previous three years, or is a manufacturer, as defined in Section 14837 subdivision (c), with 25 or fewer employees.” The California Department of General Services (DGS) is authorized to amend the gross receipt amount, and in January 2010 DGS increased the gross receipt amount from \$2,750,000 to the current amount of \$3,500,000. (see, California Office of Administrative Law, Regulatory Action Number 2000-1110-01S.) It is important to mention that this definition does not include fixed usage or unmetered rate schedule customers.

<sup>36</sup> “Analysis of Whether Small and Medium Businesses are Underserved by Energy Efficiency Programs in California”. <https://www.caeec.org/underserved-working-group-2020> page 9

<sup>37</sup> SDG&E eligibility for commercial programs is based on electrical consumption only, per contracts