CAEECC Equity Advisory Committee Final Recommendations

Last Updated June 1, 2026.

California Energy Efficiency Coordinating Committee

Equity Advisory Committee

Facilitated by Common Spark Consulting

Table of Contents

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Executive Summary

The Equity Advisory Committee (authorized as a pilot through the California Energy Efficiency Coordinating Committee) has crafted recommendations with equity best practices for Portfolio Administrators (PAs), the California Public Utilities Commission (CPUC), and the California Energy Efficiency Coordinating Committee (CAEECC). Since July 2025, the Equity Advisory Committee (EAC) has convened five times to develop 4 topics containing 10 recommendations spanning Equity program participants and eligibility, evaluation of Equity program outcomes, integration of equity across energy efficiency portfolios, and the valuation of equity through workforce and education programs. Through these recommendations, the EAC hopes to strengthen California's energy efficiency portfolio to be more accessible, have a broader impact, and to be more responsive to the needs of California's diverse communities.

Recommendation 1: Simplify and Clarify Program Eligibility to Build Trust with Program Participants

Equity programs are intended to remove barriers and improve equitable access and benefits of energy efficiency programs. Currently, the full impact of Equity programs remains limited due to complicated or burdensome eligibility verification processes, narrow program outreach methods, and unclear requirements on how to best serve low-income participants alongside income-qualified programs. However, prioritizing targeted outreach over participant-specific eligibility, simplifying the application of eligibility criteria, and encouraging cross-coordination with income-qualified programs such as the Energy Savings Assistance (ESA) and the CEC's Equitable Building Decarbonization program achieve the objectives of Equity programs and build trust in Equity programs and more broadly.

Recommendation 2: Strengthen Use of Data to Evaluate Equity Outcomes

Equity programs help reduce participation barriers for Market Support (MS) and Resource Acquisition (RA) programs. Because of this unique purpose, Equity programs are often undervalued or not at all credited for the role they play in achieving savings through MS and RA programs. To better reflect their full portfolio-wide impact, tracking, reporting, and valuation frameworks should be updated to prioritize the recognition of barrier removal and participation enablement, while also appropriately crediting associated energy savings without imposing burdensome documentation requirements. This includes establishing contribution flags, formalizing referral tracking, distinguishing "reach" from "service," and incorporating affordability and other non-energy impacts. Together, these improvements would provide a more accurate and inclusive understanding of the Equity Segment's value and ensure its role in advancing equitable participation is fully recognized across the portfolio.

Recommendation 3: Integrate Equity into Portfolio Design & Planning

While Equity programs offer important customer targeting techniques, innovations and best practices from Equity programs should be able to be seamlessly integrated in broader portfolio design and planning. In addition to there being a venue or even a working group body to support translation of Equity program learnings across the portfolio, even the portfolio planning process could be adapted so Equity programs can be responsive to gaps in the rest of the portfolio.

Recommendation 4: Expand Equity Value through Workforce, Education, and Training (WE&T) Program Integrations

Workforce, Education, and Training (WE&T) efforts must be more fully integrated into the broader EE portfolio to demonstrate and maximize the value they provide across the system. A more integrated approach ensures that workforce readiness is tied directly to program delivery, community benefits, and outcomes beyond training—including high job placement, job retention, and quality jobs. Moreover, leveraging strategies such as thoughtful projects pipeline bundling, reducing contractor administrative paperwork, and encouraging prime-subcontractor partnerships, support greater participation by smaller BIPOC and minority contractor firms. All EE programs benefit from improved installation quality, customer satisfaction, and long-term portfolio performance that result from high-road employment, consistent job access, and local economic growth.

The following table maps out each Recommendation and sub-Recommendations along with suggested lead and supporting stakeholders for implementation:

#	Recommendation	Suggested Lead	Key Stakeholders
1.1	Reaffirm Targeted Outreach Over Eligibility Verification to Serve Equity Customers	CPUC/ Energy Division	Portfolio Administrators (PAs); CAEECC
1.2	Clarify Equity Segment Eligibility Criteria to Reduce Participant and Administrative Burden	CPUC/ Energy Division	CAEECC Equity Committee; Portfolio Administrators (PAs)
1.3	Clarify Coordination and Collaboration with Income Qualified Programs to Foster Greater Participation and Delivery of Benefits to Eligible Participants	PAs	ESA Program Administrators; CPUC Energy Division
2.1	Capture and Value Equity Program Contributions Across the Portfolio	CPUC/ Energy Division	Evaluators; Portfolio Administrators (PAs)
2.2	Standardize Equity Metrics to Support Deeper Analysis of Equity Outcomes Across the Portfolio	CPUC/ Energy Division	Portfolio Administrators (PAs); Evaluators
3.1	Position Equity Programs as Innovators for the Broader Portfolio	PAs	Implementers; Community-Based Organizations (CBOs)

#	Recommendation	Suggested Lead	Key Stakeholders
3.2	Reframe Equity Efforts as Programs to Address 'Missed Opportunities' or 'Gaps-in-Success'	CPUC/ Energy Division	Portfolio Administrators (PAs); CAEECC
3.3	Establish a Formal Body to Leverage Lessons Learned from the Equity Segment Across the Portfolio	CAEECC	CPUC Energy Division; Portfolio Administrators (PAs); Energy Efficiency and Equity Stakeholders
4.1	Expand Equity Value through Workforce, Education, and Training (WE&T) Integrations	PAs	WE&T Providers; Implementers
4.2	Pursue Approaches to Support Equitable Workforce Participation in the Energy Efficiency Portfolio	PAs	Contractors; WE&T Providers; CPUC Energy Division

The EAC encourages PAs, the CPUC, and CAEECC to consider and implement the ten best practice recommendations included in this memo to integrate and streamline equity across energy efficiency portfolios.

About the CAEECC Equity Advisory Committee

CAEECC authorized the Equity Advisory Committee (EAC) to focus on advising Portfolio Administrators (PA) and California Public Utilities Commission (CPUC) Energy Division (ED) on Equity Best Practices. The EAC was created for a pilot period authorized to operate for 9-18 months, until June 2026.

The EAC's scope of work includes:

- a sorting of CEDARs Equity programs to understand the scope and scale (e.g., sort by program type, sector, implementer, and additional criteria TBD);
- attendance at CAEECC meetings and Portfolio Performance Report Reviews that focus on Equity Segment programs;
- the development of informal recommendations and advice to PAs; and
- the optional development of informal recommendations and advice to CPUC ED.

About the EAC Members

The EAC is made up of the four individuals, each bringing a relevant perspective and expertise improving equity across the energy efficiency (EE) portfolio:

- **Amaury Bertaud**, Board member of LGSEC (CAEECC Member) and Director of Sustainability Programs at the Association of Monterey Bay Area Governments AMBAG (EAC Member), brings 10 years of experience implementing and overseeing energy efficiency programs in the Monterey Bay region. AMBAG is a key partner in the Central

California Rural Regional Energy Network (CCR REN), where Amaury oversees the Public equity and the Commercial Energy Improvement Programs.

- **Brooke Wright**, Vice President of Energy Services at Environmental Innovations, brings eight years of small business sustainability program design and implementation experience, with a specific focus on ensuring resources meet the needs of historically underserved small business owners. She led equity incentive design at the California Green Business Network and currently leads outreach staff supporting Small and Medium Business (SMB) equity energy efficiency and electrification programs across the State.

- **Chris Pilek**, Manager at Resource Innovations, brings 18 years of energy efficiency design and implementation specific to Hard-to-Reach customer types within CA. Most recently, he helped design and is now managing CA's first non-residential utility program offered under Equity policy in support of Environmental and Social Justice (ESJ) Action Plan. His work supported the roll out of similar programs currently offered by 3 California IOUs and a CCA; all focused on small business equity engagement.

- **Julia Hatton**, President & CEO of Rising Sun Center for Opportunity, brings 15 years of experience designing, implementing, and overseeing energy efficiency programs for low-income and hard-to-reach (HTR) residents in CT and CA. She brings experience working with investor-owned utilities (IOU), regional energy networks (REN), and community choice aggregators (CCA), and with energy efficiency regulatory policy. Rising Sun operates across the CA Bay Area and rural Central Valley, and currently implements Equity Segment programs with BayREN and CCR REN.

Meetings were also attended by:

- PAs including MCE, BayREN, NREN, SCE, and PG&E;
- CAEECC Members including CPUC Energy Division, Frontier Energy, Codecycle, SMW Local 104, CEC, and The Energy Coalition; and
- Other CAEECC Members and Interested Stakeholders

Meetings and Process

July 28, 2025: The EAC met for the first time to review the Facilitation's Team preliminary analysis of CEDARS data on Equity programs to understand the scope and scale (e.g., sort by program type, sector, implementer, and additional criteria TBD). EAC members discussed a number of energy efficiency equity-related challenges and opportunities.

August 13, 2025: EAC members attended the Equity Highlights portion of the Q3 CAEECC meeting during which each PA presented briefly on equity highlights of their portfolio. PAs presented with a focus on 2025, and some PAs spoke more broadly about their equity work and progress in recent years. EAC members offered questions and observations in the meeting.

September 17, 2025: The EAC reviewed and discussed updated CEDARS analysis and a similar analysis done by the CPUC NEB study consultant. The EAC reviewed, discussed, and refined an

initial draft of recommendations compiled by the Facilitation Team. In between meetings, EAC members further developed recommendations in a collaborative document.

November 12, 2025: The EAC prioritized a set of near-term recommendations for Energy Division and, especially, PA consideration in Business Plan development. These recommendations were further refined, and members were identified to present the recommendations at the Q4 CAEECC meeting.

December 9, 2025: The EAC presented an initial set of recommendations at the Q4 CAEECC Meeting. CAEECC Members and the EAC discussed the recommendations, enabling the EAC to further refine the recommendations.

December 19, 2025: The EAC sent CAEECC an *Initial Memo: Recommendations by the CAEECC Equity Advisory Committee*. The Initial Memo made four recommendations to PAs:

1. Streamline Eligibility to Reduce Participant Burdens and Advance Equitable Outcomes
2. Position Equity Programs as Innovators for the Broader Portfolio
3. Reframe equity efforts as programs to address "missed opportunities" or "gaps-in-success", complementary to Resource Acquisition and Market Support programs.
4. Expand Equity Value through Workforce, Education, and Training Integrations

February 12, 2026: The EAC refined additional Equity Best Practices recommendations for PAs, CAEECC, and Energy Division and determined a process to draft a final memo to CAEECC.

March 17, 2026: The EAC discussed outstanding recommendations from revised drafts of a Final Memo, focusing conversation on the difference between being targeted and being served by programs.

This memo serves as timely written recommendations and advice for PAs, CAEECC, and Energy Division to consider in reforming energy efficiency policies.

Recommendations

1. Simplify and Clarify Program Eligibility to Build Trust with Program Participants

1.1 Reaffirm Targeted Outreach Over Eligibility Verification to Serve Equity Customers

To better advance equity goals while minimizing unintended barriers, we recommend reaffirming a program design that prioritizes targeted outreach rather than strict eligibility verification as the primary mechanism for reaching equity customers.

Current approaches that rely heavily on eligibility criteria—such as income thresholds or categorical qualifications—can inadvertently exclude customers who live in the same

communities and share similar characteristics as those deemed eligible. This creates visible discrepancies among neighbors and places an administrative burden on customers to "prove" eligibility, which can discourage participation and undermine trust. Importantly, these barriers run counter to the broader policy direction emphasizing inclusion, accessibility, and equitable outcomes.

Instead, shifting toward a target-first model—where outreach is intentionally focused on hard-to-reach (HTR)[1], disadvantaged communities (DAC)[2], low-income, and underserved[3] communities—allows programs to achieve equity objectives without requiring rigid gatekeeping. Universal eligibility paired with targeted outreach can effectively serve priority populations. By removing income verification and allowing all customers (including small businesses, renters, and multifamily households) to participate as part of targeted outreach efforts in priority areas, some equity segment programs have successfully ensured that the majority of participants are equity customers over decades of implementation. This approach aligns with best practices and policy frameworks (e.g., SB 350, ACEEE guidance[4]) that emphasize reducing participation barriers and maximizing inclusivity.

By reaffirming targeted outreach over eligibility verification, programs can reduce administrative burden, avoid inequitable exclusions, and more effectively deliver benefits to more equity customers, while maintaining flexibility to adapt if outcomes fall short.

1.2 Clarify Equity Segment Eligibility Criteria to Reduce Participant and Administrative Burden

Many energy efficiency programs, due to regulatory and reporting requirements, inadvertently impose substantial administrative burdens[5] on the very communities they aim to serve. This is experienced acutely by implementers and communities with additional equity-related requirements (in particular HTR requirement documentation). Lengthy application processes, extensive documentation requirements, and heightened levels of verification and inspection can undermine participation, particularly among low-income, immigrant, communities of color, and individuals with limited digital access. Despite the Equity Segment's explicit intent to "remove barriers", these barriers are not merely procedural—they reinforce inequities by

[1] Customers who do not have easy access to program information or generally do not participate in energy efficiency programs because of language, geographic, housing/lease (split incentive), or business-size barriers. The CPUC adopted this refined portfolio-wide definition in D.18-05-04 and subsequently expanded it in D.23-06-055 to include California Native American Tribes. CPUC D.18-05-041 (Section 2.5.2, Definition of Hard-to-Reach Customers) and D.23-06-055.

[2] Communities identified by California's environmental justice framework as experiencing disproportionate pollution burdens and socioeconomic vulnerability. DACs are primarily designated using CalEPA's CalEnviroScreen tool and related statutory definitions. CPUC Definition and Information.

[3] California Public Utilities Code §1601 defines an Underserved Community as a community that meets one of several criteria, including being a disadvantaged community, a low-income community, or a community that lacks adequate access to services or infrastructure. CPUC programs often use the term to identify populations that historically receive fewer program benefits or face barriers to participation. California Public Utilities Code §1601.

[4] ACEEE 2023. *Toolkit Shows How Energy Efficiency Programs Can Reach More Underserved.* https://www.aceee.org/blog-post/2023/11/toolkit-shows-how-energy-efficiency-programs-can-reach-more-underserved

[5] Jordan Scavo et al., "SB 350 Low-Income Barriers Study, Part A - Commission Final Report" (California Energy Commission, December 15, 2016). Page 48.

disproportionately barring those that would benefit the most from the benefits of programs, adding to existing vulnerabilities. To enable equitable participation and remove barriers, per the Equity Segment focus, program eligibility frameworks must streamline eligibility requirements and redesign program processes with participant dignity, accessibility, privacy, and autonomy at the center.

Clarify and Simplify Equity Segment Commercial Eligibility Criteria

To improve implementation and ensure consistent application across Portfolio Administrators (PAs), the Commission should clarify and simplify business eligibility criteria within the Equity Segment established in D.23-06-055. Current definitions—particularly for businesses—create confusion due to overlapping and evolving requirements tied to geography (e.g., DAC and HTR census tracts), income indicators (e.g., low-wealth communities), and designation as an "underserved business group" under Government Code Section 12100.63(h)(2). Stakeholder feedback indicates uncertainty around whether eligibility requires meeting all criteria, a combination, or any single qualifying condition.

The Commission should establish a clearer framework that delineates distinct but flexible pathways to eligibility—for example, allowing businesses to qualify if they (1) meet HTR customer criteria, (2) are located within designated geographic priority areas (e.g., DACs or low-wealth communities), or (3) are recognized as underserved business groups. Creating two overarching categories—such as "HTR-aligned" and "underserved business"—could help streamline interpretation while maintaining inclusivity. Additional clarification is also needed regarding the treatment of Tribal communities and whether they are encompassed within existing DAC definitions or require separate designation, and in particular, if commercial entities on government/Tribal utility accounts are eligible under HTR.

To support ongoing consistency, Energy Division, perhaps with support of a CAEECC Equity Advisory Committee, should maintain and regularly update guidance, given that definitions for small commercial eligibility (and other sectors reached through equity segment programs) have already evolved multiple times in recent years. Ultimately, simplifying eligibility criteria while preserving multiple entry points will reduce administrative burden, improve program access, and better align implementation with the Equity Segment's intent to expand participation without unnecessarily restricting it.

Shift From Individual Qualification to Geographic and Publicly Available Criteria

One strategy toward reducing participant burden is to prioritize eligibility pathways that rely on publicly available or categorical indicators—such as geographic criteria, census tract-based designations, or environmental justice indices—rather than requiring individuals submit personal qualifying documents or even self-attest to sensitive eligibility criteria. Whole-neighborhood or geographic eligibility models, which allow programs to broadly serve communities designated as disadvantaged or underserved, eliminate the need for intrusive data collection and reduce drop-off rates associated with verification fatigue. Such an approach also does not preclude implementers from targeting specific subsets within the geographies. Categorical eligibility processes grant eligibility from one income-verifying program to other equity-based programs based and can create efficiencies across a whole ecosystem of programs, while also removing the concern of participants sharing sensitive information to multiple entities.

This shift also enables programs to address structural inequities at the community level, rather than treating inequity as an individual characteristic. Regulators should simplify and broaden the definition of HTR as well as streamline it with underserved, as they did by adding DACs as a component of geographic HTR.

Overall, regulators should move beyond determining Equity Segment programs via lists of customer eligibility criteria but instead by equity-driven program design decisions, tailored outreach, and targeting strategies. These might include programs that leverage partnerships with community-based organizations, multilingual outreach campaigns, text-based communication channels for non-native speakers, and in-person enrollment support. Such approaches acknowledge that populations face diverse and overlapping systemic barriers—and that equitable program design must respond to those contextual differences without requiring participants (or implementers, ultimately) to prove "hard-to-reach" status through narrow, predefined criteria. This reduces administrative friction, increases participant trust, and expands participation among community members who may not self-identify with regulatory or programmatic terminology but clearly experience barriers to access.

Allow Limited Implementer Discretion to Serve Participants Who Meet the Spirit—If Not the Letter—of Equity Intent

Recognizing that no eligibility framework can perfectly capture every systemic barrier, programs should incorporate limited implementer discretion. For example, allowing implementers to serve up to 5-25%[6] of participants who decline, due to privacy or other reasons, to meet strict eligibility thresholds—but whose circumstances clearly align with the intent of the Equity program—can ensure that vulnerable community members are not excluded due to technicalities. Implementer affidavits documenting the rationale can preserve accountability while providing necessary flexibility to reach community members who may not be captured through formal criteria.

A Note About the Process to Update HTR Requirements

Frequent changes to HTR verification requirements undermine equity goals by eroding trust and creating operational instability for implementers—especially small businesses reliant on predictable processes and timely payments. Shifting requirements can delay projects, complicate enrollment, and introduce unnecessary barriers for eligible participants. To address this, Portfolio Administrators should maintain stable verification requirements for already-enrolled customers, ensure necessary eligibility data is available upfront, and adopt clear, consistent definitions statewide. Establishing a predictable update cycle—such as limiting changes to once annually with a fixed effective date—would provide a more transparent and reliable process while still allowing for program improvements.

[6] PAs serving areas with greater histories of racial injustice, greater overall diversity, or greater immigrant communities should err closer to 25%.

Adopt Eligibility Criteria and Self Attestation to Preserve Participant Privacy and Dignity

When necessary, eligibility criteria should be objective, transparent, and minimally intrusive. When programs rely on categorical eligibility or self-attestation, participants should not be required to disclose which specific criteria they meet—only that they do meet at least one qualifying condition. This protects participant privacy and avoids the stigma or discomfort associated with divulging personal hardship or demographic information.

Strengthen Data Privacy Protections for Participant-Specific Eligibility Information

In cases where participant-specific eligibility data (such as income documentation or language proficiency) must be collected—particularly for HTR program segments—programs should clearly and unequivocally affirm that this information will not be shared beyond required program reporting. This is especially critical for immigrant community members, communities with historical mistrust of institutions, and non-native English speakers.

By minimizing data collection, establishing strict privacy safeguards, and providing clear communication regarding data use, programs can foster trust and encourage participation from community members who might otherwise avoid engagement due to fear of surveillance, misuse, or stigmatization.

1.3 Clarify Coordination and Collaboration with Income Qualified Programs to Foster Greater Participation and Delivery of Benefits to Eligible Participants

To advance state equity and decarbonization goals, coordination across income-qualified and broader energy efficiency Equity programs must extend beyond a singular focus on any specific program (ESA, CEC's Equitable Building Decarbonization, and other income-qualified programs for integrated demand side management) and instead support ensuring the full landscape of offerings are accessible to low-income and other equity-priority customers. As an example, while ESA interventions are comprehensive and often provide deeper, whole-home solutions, ESA does not serve all customers, nor does it represent the only appropriate or effective entry point for every eligible participant: ESA, Equity Segment, or otherwise. A coordinated framework should ensure that customers can access the full slate of programs for which they qualify—without being required to choose one pathway at the exclusion of others, or be required to sequence them in a specific order.

Strengthen Referral Pathways, Cross-Program Processes, and Program Accessibility

Recent program implementation guidance and policy has at times implied that ESA should be the sole program serving low-income customers. While intended to prevent program duplication, or to prevent low-income and equity customers from having to pay for services they could otherwise receive at no cost, this framing risks creating barriers between ESA and the EE Equity Segment programs, limiting customer choice and restricting access to eligible offerings. It may also disadvantage customers who qualify for multiple programs by forcing a programmatic choice among complementary programs where none should be required.

Policy and implementation should be re-aligned to encourage—and credit—programs for supporting multiple entry points and connecting customers to the full range of benefits available, rather than restricting them to a single offering. The focus should shift from program capture (i.e., which program "owns" the customer and any associated savings) to ensuring customers receive the most appropriate and comprehensive support. This approach is supported in multiple Decisions and through the existing Joint Coordination Meetings (JCMs) process.

Income-qualified (IQ) customers—who are, by definition, HTR households and often located in DACs—should be able to participate in all programs for which they are eligible, without restriction across time or offerings. Complementary participation should be treated as a core design principle, enabling layered benefits that better meet household needs while advancing broader portfolio goals.

For example, ESA offers a broader and deeper set of measures, including comprehensive home upgrades, which can complement rather than duplicate other programs. Similarly, multifamily programs and ESA funding streams, as demonstrated in MCE's approach, can be coordinated to maximize resident benefits while aligning funding efficiently. Success should be measured not by which program "claims" the customer, but by how effectively the customer is served in the context of statewide goals and community needs.

Clear referral and follow-up processes are essential to support this model. Requiring IQ customers to be referred to and served by exclusively ESA, or ESA first, may restrict access to other appropriate programs. If ESA determines a customer is ineligible, there should be defined processes to connect them to alternative offerings. Coordination with Portfolio Administrators should also be explicitly included within implementer scopes. While PAs may not always collect income eligibility information directly, they can play a key role in following up on ESA referrals and supporting customers through alternative pathways.

JCMs should prioritize IQ program coordination, including best practices for referrals, outreach alignment, and attribution approaches that reduce competition and recognize shared outcomes. Clarifying these pathways—particularly how customers can access programs if referred, found ineligible, or seeking complementary services—will reduce confusion, increase participation, and expand program impacts among eligible populations.

2. Strengthen Use of Data to Evaluate Equity Outcomes

Equity programs play a critical role in reducing barriers to participation across Resource Acquisition (RA) and Market Support (MS) programs through outreach, education, referrals, and trust-building. While they also contribute to energy savings by enabling customers to access and complete measures, current tracking and cost-effectiveness frameworks primarily credit the programs that install those measures. This approach obscures the foundational role Equity programs play in making participation possible and leads to their systematic undervaluation, particularly as many of their most impactful outcomes—such as increased access, sustained engagement, and improved affordability—remain untracked.

To better reflect their full portfolio-wide impact, tracking, reporting, and valuation frameworks should be updated to prioritize the recognition of barrier removal and participation enablement,

while also appropriately crediting associated energy savings without imposing burdensome documentation requirements. This includes establishing contribution flags, formalizing referral tracking, distinguishing "reach" from "service," and incorporating affordability and other non-energy impacts.[7] Together, these improvements would provide a more accurate and inclusive understanding of the Equity Segment's value and ensure its role in advancing equitable participation is fully recognized across the portfolio.

2.1 Capture and Value Equity Program Contributions Across the Portfolio

Prioritize Barrier Removal as a Primary Measure of Equity Program Success

Traditional RA metrics such as energy savings, Total Resource Cost (TRC), Total System Benefit (TSB), and throughput do not capture whether Equity Segment programs are effectively reaching and serving communities that face systemic barriers to participation. Equity programs require a different set of indicators that reflect real-world obstacles experienced by underserved populations, including linguistic isolation, lack of access to broadband or transportation, distrust of institutions, and disproportionate energy burdens.

Success should be defined by how effectively programs identify and reach communities not served by RA and MS programs, and how well they address both the breadth of participation potential and the depth of unmet needs. In this context, the primary objective is not program output, but the extent to which Equity programs reduce participation barriers and enable meaningful engagement. Outcomes such as improved comfort, safety, affordability, and the ability to access additional services, alongside energy and cost savings, should be central measures of impact—particularly for customers who would otherwise remain unserved.[8]

Current methodologies also fail to reflect the lived conditions of equity customers. HTR and DAC households are more likely to be below code baseline and lack the resources to reach it, yet existing constructs do not consistently capture the value of bringing these customers up to baseline or enabling participation in other programs. As a result, current documentation frameworks not only limit which benefits are counted, but also who can participate—since unrecognized impacts effectively exclude certain customers and interventions.

Rather than forcing Equity programs into conventional savings frameworks, there is an opportunity to redefine value around barrier reduction, trust-building, and long-term engagement across the EE portfolio. Developing metrics that identify and quantify these barriers—and the benefits of addressing them—provides a more accurate and meaningful foundation for evaluating Equity program success.

[7] See the Societal Cost Test (SCT), a CPUC cost-effectiveness test that incorporates monetized societal costs and benefits, including climate, environmental, public-health, and other externalities that are not directly reflected in utility rates. The CPUC adopted the SCT in D.24-07-015 to supplement traditional cost-effectiveness testing of distributed energy resource and energy-efficiency programs.

[8] The importance and centrality of improved comfort, safety, affordability, and access outcomes should be considered in addition to energy savings, not as a complete swap of measures.

Properly Value Non-Energy Benefits (NEBs) and Intangible Impacts

To better reflect the full value of Equity programs, the Commission and PAs should actively integrate learnings from the forthcoming CPUC Market Rate Non-Energy Benefit (NEB) Working Group, the CEC's Non-Energy Impacts (NEI) proceeding, and NEBs elevated in the CEC's Equitable Building Decarbonization Program. As methodologies evolve to track and report NEBs—particularly with anticipated stakeholder feedback through 2027 and goals to incorporate NEB tracking for the Equity Segment by 2028—the portfolio should prioritize approaches that distinguish between IOU-facing and customer-facing benefits, with emphasis on those directly experienced by ratepayers, participants, and communities. While current workpapers serve as the foundation for estimating energy savings, they do not fully capture customer-facing impacts such as bill stability or lived experience improvements. The portfolio should therefore pilot methods that quantify affordability-related outcomes, customer service functions, and community-level impacts, including avoided arrearages, improved customer satisfaction, and sustained participation among HTR and DAC customers.

In addition, common participant pain points—such as lack of comfort, health and safety issues, or missing enabling technologies (e.g., working light fixtures, upgraded panels)—should be treated as preliminary NEBs that both reflect customer priorities and enable long-term energy savings. Broader NEB categories, including local air and water quality, resilience, local economic impact, and land use impacts, could also be incorporated.[9] Embedding these dimensions into valuation frameworks would ensure that Equity programs are assessed based on the outcomes that matter most to customers, rather than relying solely on modeled incremental energy savings.

Recognize and Credit Energy Savings Without Creating Undue Burden

While Equity Segment programs are intentionally not held to traditional cost-effectiveness thresholds, this approach can obscure measurable energy savings and overlook broader benefits. Existing frameworks rely on deemed or custom workpapers (e.g., DEER, eTRM), which require significant technical infrastructure, data collection, and validation. In practice, even reporting a narrow set of savings can require costly and complex systems, posing a meaningful barrier for community-based organizations (CBOs) and other local partners whose participation is essential to equitable delivery.

Equity programs should receive appropriate credit for the energy savings they achieve, but without imposing documentation and reporting requirements that limit participation or divert resources away from service delivery. The current approach risks privileging what is easily measurable over what is most impactful, particularly in communities where engagement itself requires substantial investment. Rather, PAs should support simplified, equity-specific approaches that afford PA and implementer flexibility to address the conditions, needs, and outcomes of targeted communities, including hyper-local variation. These approaches could incorporate community input to more accurately capture localized benefits while reducing technical and administrative burden on implementers.

[9] Comments in "Informational Proceeding on Non-Energy Benefits and Social Costs", CEC, Docket 24-OIIP-03. May 22, 2025.

Providing clearer, more accessible pathways to measure and report value would enable broader participation—especially among CBOs—while still recognizing energy savings and other benefits. Ultimately, acknowledging that equity customers may be more resource-intensive to serve, and that many benefits extend beyond traditionally measured savings, allows for a more inclusive approach that credits energy impacts without making them a barrier to program delivery.

Track Cross-Program Contributions Through Referral and Attribution Metrics

Equity programs frequently identify, educate, and refer customers to RA programs that subsequently claim savings. While this division of labor may be operationally appropriate, the lack of formal attribution mechanisms results in Equity programs receiving no recognition for the role they play in enabling those outcomes. Rather than reassigning primary savings credit, the portfolio should establish a formal mechanism to acknowledge when Equity programs have directly contributed to participation in other programs. This could be accomplished through standardized referral tracking requirements and the creation of a contribution flag—similar to existing HTR and DAC flags—within CEDARS or successor reporting systems. Such a flag would identify when a customer's participation in an RA or MS program was preceded by documented engagement, education, or referral from an Equity program. Over time, this would allow policymakers to quantify the share of portfolio savings that were influenced by equity efforts and assess how those efforts expand access for priority populations.

Clarifying the distinction between "reach" and "service" is also essential. Equity programs frequently perform high-touch or highly targeted engagement activities—workshops, one-on-one consultations, application support, and case management—that may not immediately result in installed measures but are critical to eventual participation. Standardizing definitions across the portfolio would help differentiate between meaningful engagement (reach), verified installations or incentive payments (service), and quantifiable outcomes such as energy savings, bill savings, or other benefits (impact). This clarity is particularly important in the context of affordability as a portfolio priority. Without it, upstream engagement functions that reduce barriers to participation risk being undervalued or mischaracterized as underperformance, when in fact, they are possibly reducing costs for customer participation across the portfolio.

2.2 Standardize Equity Metrics to Support Deeper Analysis of Equity Outcomes Across the Portfolio

A consistent and analytically rigorous approach to data and evaluation is essential to understanding whether current programs are advancing equity goals—particularly for HTR customers and residents and businesses in DAC, as defined by the CPUC. While the portfolio collects substantial data (e.g., CEDARS flags for HTR and DAC participation and savings), existing reporting suggests that HTR customers are being served at a significantly lower rate than in 2016–2018. Before drawing conclusions, however, it is critical to examine whether changes in reporting definitions or missed reporting, customer classification, or program attribution are influencing these trends.

This section recommends strengthening how data are interpreted and used—not by adding new metrics, but by ensuring existing data are consistent, comparable, and actively used to evaluate equity outcomes across the entire portfolio.

Standardize Definitions of "Service" Across Reporting Entities

Equity analysis is only as strong as the consistency of the underlying data. Currently, "service" may be defined differently by utilities, implementers, and evaluators. In some cases, it may mean sharing a lead; in others, it may mean project completion or receipt of financial incentives. These inconsistencies limit the ability to assess trends over time or compare across segments.

The Commission should establish and enforce a consistent, portfolio-wide definition of "service," including clear thresholds (e.g., incentive payment issued; verified installation, realized non-energy benefits, realized savings–if the Equity program resulted in RA savings). This definition should apply uniformly across implementers, administrators, and reporting systems. A shared understanding of what constitutes a "served" customer is essential to determine whether HTR and DAC participation rates are increasing or declining—and to ensure that any reported changes reflect actual shifts in outcomes rather than changes in reporting practices.

Use Existing Metrics to Assess Portfolio-Wide Equity Outcomes

The portfolio already tracks key indicators relevant to equity, including:

- CEDARS flags for HTR and DAC participation and savings
- Percent of HTR residential customers served
- Percent of HTR commercial customers served
- Percent of total businesses served by size

These metrics provide the foundation to analyze whether HTR and DAC customers are being increasingly or decreasingly served over time, both within the Equity Segment and across the full portfolio. The key question is not whether more metrics are needed, but whether existing data are being systematically analyzed to assess equity trends.

For example, regular, structured analysis of these questions (and others) should be embedded into portfolio and funding application oversight processes, rather than addressed only in ad hoc evaluation studies:

- Are HTR participation rates declining relative to prior cycles (e.g., 2016–2018), and if so, why?
- Are DAC savings increasing proportionally to DAC representation in the eligible population?
- Are small businesses and HTR commercial customers receiving a growing or shrinking share of portfolio benefits?

Once there is clarity and consistency in the data collected, it will be possible to assess important questions on the impact of the Equity Segment and its goal to advance participation and savings for historically underserved customers, such as whether:

- The Equity Segment is increasing total savings and participation among HTR and DAC customers across the portfolio; or
- The extent to which Equity outcomes are becoming concentrated within the Equity Segment, while the broader portfolio is serving fewer HTR and DAC customers (i.e., segmentation is isolating rather than mainstreaming equity).

An integrated portfolio analysis would also assess whether benefits for equity customers are expanding overall—or simply being reallocated into specific programs. This includes examining:

- Changes in HTR and DAC participation in non-Equity Segment programs, even 5 years beyond their original participation in an Equity Segment program
- The share of total portfolio savings attributable to HTR and DAC customers
- Whether broader program designs are becoming more or less accessible as equity-focused programs expand

Strengthening equity outcomes does not require adding new metrics, but rather improving the consistency, comparability, and analytical use of existing data. By standardizing definitions of "service," rigorously analyzing participation and savings trends for HTR and DAC customers across the portfolio, evaluating cross-segment impacts, and clearly linking metrics to corrective action, the Commission can ensure that equity goals are being meaningfully advanced across the entire portfolio—not isolated within a single segment.

3. Integrate Equity into Portfolio Design & Planning

3.1 Position Equity Programs as Innovators for the Broader Portfolio

Equity programs play a critical role in closing participation gaps and ensuring that underserved community members benefit from California's robust EE programs. However, their value extends beyond customer eligibility and service delivery. Equity programs are uniquely situated to observe barriers, design new approaches, and test implementation models that can significantly improve the performance, reach, and equity outcomes of the entire energy efficiency portfolio. To fully realize this potential, Equity Segment programs should explicitly be recognized for their innovation contributions and value—as much as customer targeting—as a core purpose of Equity programs.

By establishing this expectation, program implementers, administrators, and stakeholders can approach Equity programs as structured learning laboratories for the portfolio. This positions Equity programs, and their new outreach techniques, culturally responsive engagement, linguistically tailored communication, high-road workforce standards, and emerging technologies as a way to refine and expand those learnings and benefits more broadly across the portfolio. What is beneficial for harder-to-reach community members can also benefit others in the broader community.

While further integration of learnings across RA, MS, and Equity Segments is envisioned, the intention is that the additional costs to integrate equity learnings into RA have been borne by the Equity Segment programs. Adapting equity learnings should not impact RA program cost-effectiveness–but instead could improve it–if innovations learned from Equity programs enhance RA program performance.

Elevate and Integrate Lessons Learned Across the Portfolio

To ensure that the insights generated by Equity programs inform, Equity programs should be expected to document and share their lessons learned. These learnings could be conveyed through end-of-program reports, publicly accessible webinars, presentations, or similar

mechanisms, including CAEECC. The emphasis should be on clear, actionable findings regarding program design, implementation strategies, community partnerships, workforce requirements, technology performance, and customer experience.

Critically, these insights should be able to be applied in real time. Instead of waiting for multi-year evaluation cycles, PAs and implementers should be authorized to update program elements based on emerging lessons. Lessons learned should also inform the development of future Business Plans and RA programs, ensuring that effective approaches to outreach, targeting, technology deployment, or training are mainstreamed into the core portfolio.

These learnings should come not only from formal evaluations but could also come from structured forums that include PAs, implementers, CBOs, workforce partners, and other stakeholders with direct knowledge of program realities. Equity programs often operate closest to communities with the highest barriers to access; their insights must be elevated and operationalized.

Scaling What Works: Technologies, Outreach Approaches, and Workforce Standards

When non-energy efficiency programs (e.g., decarbonization, the CEC's Equitable Building Decarbonization program) surface approaches that effectively reach underserved communities, improve customer experience, reduce energy burden, uplift workers, or accelerate decarbonization, these solutions should be scaled into the broader portfolio. This includes:

- Proven outreach and engagement approaches such as multilingual strategies, trusted-messenger models, community-based implementation partnerships, and neighborhood-based targeting.
- Technologies and measures that demonstrate strong performance in equity pilots, especially those supporting electrification and home resilience.
- Workforce requirements and standards—such as electrification-specific training and high-road labor practices such as prevailing wage requirements—that enhance job quality, support local workforce pipelines, and increase the likelihood of high-quality installations and persistence of energy savings.
- Extended grant periods for community-based implementers to build necessary trust with communities to a minimum of five years.

Scaling these elements ensures that the entire portfolio benefits from equity-driven innovation, supports the state's climate and affordability objectives,[10] and advances workforce equity statewide.

[10] See CPUC Affordability Proceeding, focused on defining, measuring, and improving utility affordability across electric, gas, water, telecommunications, and transportation sectors. The proceeding develops affordability metrics, customer protections, and policy frameworks to address utility bill burdens.

3.2 Reframe equity efforts as programs to address "missed opportunities" or "gaps-in-success", complementary to Resource Acquisition and Market Support programs.

Equity efforts should be understood not as separate or siloed programs designed and operated alongside RA and MS programs, but also as a responsive effort to reach customers who have been systematically missed by the broader portfolio. When framed this way, Equity programs become mechanisms for identifying and responding to the participation gaps that RA and MS programs inevitably leave unaddressed due to their design constraints, cost-effectiveness requirements, and market-oriented focus. This is already manifested as a key role of Regional Energy Networks (RENs) and their portfolio which is significantly focused on Equity programs and outcomes.

Redesign Timing and Coordination to Leverage Equity Gap-Filling Capability

A critical barrier to realizing this integrated approach lies in the synchronous timing of Business Plan and program design across different PAs and the development of RA, MS, and Equity programs. When all programs are designed simultaneously with limited collaboration across PAs, the equity portfolio is deprived of the ability to observe where mainstream programs fall short or to adapt responsively as gaps emerge. This rigid sequencing results in missed opportunities for collaboration and prevents Equity programs from functioning as true gap-fillers.

To redesign equity efforts as responsive solutions, their planning and implementation must be timed and structured differently—either by establishing ongoing design windows that allow equity initiatives to shift course mid-cycle based on real-time data and community insights or allowing Equity programs to be designed after RA and MS programs have been drafted. By giving Equity programs the space to analyze who is not being reached, understand why those customers are missing from program participation, and develop tailored strategies to close those gaps, regulators can create a more dynamic and equitable program ecosystem. Sequencing design should allow for a more collaborative process, while also allowing for timely (if not parallel) authorization of multi-year funding for equity-focused programs. Such sequencing should not result in time or delivery gaps in service for equity customers.

3.3 Establish a Formal Body to Leverage Lessons Learned from the Equity Segment Across the Portfolio

To operationalize the recommendations of this section, an Equity Integration Committee–sponsored through CAEECC, directed by the CPUC, or otherwise authorized–should be established with a focus on integrating equity learnings across the energy efficiency portfolio. Funding would be needed to support participation of dedicated members, such as CBO partners, that may not have a supportive funding stream for the work of the Committee.

For innovation to flourish, program partners must feel safe identifying challenges, exploring alternatives, and testing new solutions. Yet current coordination environments can carry a perceived risk of audit, critique, or non-compliance when deviating from established program rules. This dynamic can suppress learning and discourage experimentation. The proposed

Equity Integration Committee would be a facilitated space intentionally designed to promote trust and psychological safety among PAs, implementers, evaluators, and CBO partners, and—where appropriate—regulatory staff. These spaces would enable candid discussion of operational barriers, cross-entity problem-solving, and the co-creation of practical solutions.

The Committee would be chartered to support the implementation of proven equity best practices across the broader portfolio. In particular, it would organize and oversee integration of innovative Equity Segment program design elements—such as community-based outreach models, referral pathways, and enhanced customer support—into existing or new RA programs. The objective is to maximize participation by HTR, low-income, underserved, and DAC customers within mainstream programs, rather than confining equity innovation and benefits to a single segment.

To ensure accountability and shared learning, the Committee's recommendations, tools, and results should be publicly released. This transparency would reduce duplication of effort, support replication of successful strategies, and strengthen cost-effectiveness across the portfolio.

Formalizing this structure would signal that equity integration is not a peripheral objective, but a shared responsibility—advanced through sustained collaboration, trust-building, and deliberate implementation of best practices.

4. Expand Equity Value through WE&T Program Integrations

4.1 Expand Equity Value through Workforce, Education, and Training Integrations

Workforce, Education, and Training (WE&T) efforts must be more fully integrated into the broader EE portfolio to demonstrate and maximize the value they provide across the system. In addition to focused and distinct equity workforce and workforce development programs, WE&T initiatives should be connected to the goals, implementers, and outcomes within and through RA, MS, and Equity programs so that workforce development is understood as an integrated strategy that enhances any program performance, not an ancillary benefit. When WE&T programs successfully train workers but do not connect them to high-quality employment opportunities—or when implementers struggle to find a diverse and skilled workforce—the full value of the state's investments in energy efficiency cannot be realized. A more integrated approach ensures that workforce readiness is tied directly to program delivery, community benefits, and long-term portfolio resiliency.

Integrate WE&T Program Outcomes with the EE Portfolio and its Programs More Broadly

To achieve this integration, WE&T programs must emphasize outcomes beyond training alone. Training is a means, not an end. The most meaningful metrics for WE&T success include job placement (employment), retention, and the quality of those jobs—particularly wages, benefits, and other labor standards that define high-road employment. Workers should not be placed into low-wage positions that undermine the economic stability of communities or perpetuate

inequities. Importantly, paying workers a living wage with benefits should not be treated as a cost that detracts from cost-effectiveness. Rather, labor standards are essential components of high-quality installations, customer satisfaction, safety, and long-term energy savings—the very outcomes the EE portfolio seeks to achieve. The High Road Training Partnership Recommended Residential Building Decarbonization Labor Standards provides an example of labor standards.

A critical step in connecting workforce development to EE program delivery is building intentional pathways for youth and young adults to be exposed to and explore green careers, all the way to supporting the progression of graduates of equity-focused training programs into the contractor networks of Portfolio Administrators and investor-owned utilities.[11] Too often, trainees emerge from successful programs but face barriers entering the field due to procurement practices, lack of contractor awareness, or limited transitional support. Establishing formal pathways—such as integrating WE&T trainees in program delivery, first-source hiring channels, partnerships with implementers, or requirements for contractor networks to engage WE&T graduates—ensures that training investments translate into real employment opportunities and that program investments across the portfolio leverage the investment from their own portfolio. These pathways also diversify contractor networks, expand the pool of skilled workers, and strengthen the implementation capacity of the entire portfolio. Within an equity context, WE&T efforts should prioritize disadvantaged workers and jobseekers, ensuring that underrepresented communities gain access to sustainable, well-paying careers in the clean energy economy.

Reflect the Value of Workers from WE&T Programs in Program Metrics

PAs and Energy Division should also consider how the value of workers hired from WE&T programs could be reflected in cost-effectiveness calculations. While traditional frameworks like Total Resource Cost (TRC) tend to obscure or outright discourage the benefits of equitable hiring (e.g., paying good wages actually hurts cost-effectiveness), the reality is that integrated workforce models enhance portfolio value.

Implementers and subcontractors who hire WE&T graduates benefit from reduced recruitment challenges, more resilient staffing, and improved cultural and linguistic alignment with the communities they serve. SoCalREN, BayREN, and CCR REN, have experience leveraging WE&T programs in implementation. These effects, though not easily quantified in traditional cost-effectiveness tests, contribute directly to program quality, customer experience, equitable access, and long-term energy savings. Recognizing these value streams—either within cost-effectiveness metrics or through complementary portfolio goals—would better align regulatory incentives with the state's workforce, equity, and climate objectives.

[11] AECF blog post that cites several important studies and resources: https://www.aecf.org/blog/the-benefits-of-workforce-exposure-and-career-programming-for-youth-and-you and Aspen Institute report on young adult workforce development: https://www.aspeninstitute.org/wp-content/uploads/2018/06/Now-Jobs-In-Young-Adult-Workforce-Programming.pdf

4.2 Pursue Approaches to Support Equitable Workforce Participation in the Energy Efficiency Portfolio

Leverage Project Aggregation Models as a Mechanism for Uplifting Job Quality

Project aggregation models offer an additional lever for uplifting job quality and attracting high-road contractors, particularly when designed with clear objectives and flexibility. By structuring EE programs as "bundle-able" projects, PAs can create larger, more predictable scopes of work that reduce uncertainty and administrative burden—key barriers that often discourage high-road contractors from participating. Emerging models, such as the CEC's Equitable Building Decarbonization approach, demonstrate how assigning a defined set of contractors within a region can ensure a consistent workload, enabling more and smaller contractors to support higher wages, invest in workforce development, and maintain stable employment. At the same time, best practices[12] suggest that aggregation does not necessarily require guaranteed volume, but rather thoughtful pipeline design and coordination to create reliable opportunities.

However, aggregation models must be carefully structured to mitigate potential downsides. Highly centralized or closed contractor pools may limit access for smaller, local, and BIPOC contractors, while fully open rebate-style programs can dilute work across too many contractors, undermining job quality by preventing any single firm from achieving scale. To balance these tradeoffs, programs should incorporate flexible aggregation approaches—such as bundling projects to create meaningful volumes while maintaining pathways for local contractor participation, setting aside opportunities for smaller or community-based contractors, and adapting models for rural contexts where leveraging the local workforce is critical.

When paired with the workforce, education, and training (WE&T) integration recommended above, well-designed aggregation models with balanced administrative requirements can create a virtuous cycle: well-trained workers gain access to high-quality jobs, high-road contractors gain access to a skilled and reliable workforce, and programs benefit from improved installation quality, customer satisfaction, and long-term portfolio performance.

Meaningfully Expand Participation by Small and BIPOC Implementers

Expanding participation of BIPOC and small contractors—including small BIPOC-owned firms—is critical to ensuring that the economic benefits of the clean energy transition are equitably distributed, while also strengthening the industry's capacity to deliver high-quality, community-centered outcomes, including good jobs. Encouraging greater participation in the energy efficiency and broader energy sector requires addressing persistent barriers to entry while creating clear, sustained pathways for growth.

In addition to overcoming issues of limited access to capital, bonding and insurance requirements, complex program rules, and inconsistent or insufficient project pipelines that make it difficult to invest in staff and training, small and BIPOC implementers face additional barriers to entry to become an implementer. Structuring programs to include set-asides, mentorship or prime–subcontractor partnerships, and flexible aggregation models can help

[12] High Road Training Partnership Recommended Residential Building Decarbonization Labor Standards

smaller firms access meaningful and consistent work without being crowded out by larger contractors.

While directly procuring services based on race or ethnicity is restricted in California, PAs can still take meaningful steps to advance equity through race-conscious but race-neutral approaches. One effective strategy is to embed clear equity goals and encouraging language in program preambles, signaling an intent to expand participation among underrepresented contractors, including BIPOC-owned businesses. PAs can build on their diverse supply chain efforts of broadening outreach, simplifying application processes, ensuring timely payments, and reducing administrative barriers that disproportionately affect smaller firms.

In addition, criteria such as geographic focus (e.g., targeting HTR and DAC communities), demonstrated community ties, workforce diversity, or experience serving priority populations can help direct opportunities toward diverse contractors without explicitly using race-based selection. Complementary strategies—such as mentorship programs, capacity-building support, and unbundling contracts into smaller scopes—can further level the playing field and ensure that equity objectives are advanced within existing legal frameworks. Prioritizing local hiring and community-based contractor networks—particularly in HTR and DAC communities—can further ensure that economic benefits are equitably distributed while building a more diverse, resilient, and high-quality workforce.

Consider Piloting Prevailing Wage Requirements for Select Ratepayer-Funded Programs

The Commission should consider piloting prevailing wage (PW) requirements for certain energy efficiency and decarbonization programs above defined budget thresholds, similar to how taxpayer-funded public works projects trigger PW requirements once they exceed specific dollar amounts. Given the significant scale of ratepayer investment—often totaling hundreds of millions to (at times) over a billion dollars across portfolios—there is a strong rationale for treating select programs as "project-like" investments that warrant comparable labor standards. Applying PW in this context could improve return on investment by supporting higher-quality jobs, increasing local economic activity, and helping to address persistent wage inequities, including racial wage gaps.[13]

Early models and precedents suggest this approach is feasible. For example, elements of the CEC's Equitable Building Decarbonization program incorporate prevailing wage requirements where applicable, demonstrating that PW can be integrated into program design. In addition, pairing PW requirements with project aggregation models may help ensure sufficient and consistent work volumes to support compliance, while also aligning with priorities around job quality and workforce standards.

At the same time, implementation challenges must be acknowledged and addressed. Verifying compliance—particularly distinguishing between adherence to prevailing wage levels versus full certified payroll requirements—can introduce administrative complexity for both contractors and

[13] While Equity Segment programs are not required to meet cost-effectiveness thresholds, program selection and viability is challenged by portfolio-wide cost-effective considerations. Prevailing wage, which research shows would add value, in the current frameworks, would reflect added costs. As such, a pilot should be accompanied with cost-effectiveness guidance to avoid current cost-effectiveness paradigms undermining fair pay and quality installation. One possible approach is to exempt incremental prevailing wage costs in cost effectiveness calculations.

PAs. However, existing systems and frameworks for monitoring PW in public works contexts provide a foundation that could be adapted for ratepayer programs. Given potential political and operational sensitivities, the Commission should begin by exploring targeted pilots in select programs or sectors, evaluating impacts on job quality, contractor participation, costs, and overall program performance before considering broader adoption.

5. Topics for Future Consideration

While the working group made substantial progress across a range of equity-focused topics, several important areas were identified but not fully developed. These topics warrant further exploration in a future iteration of the working group ("EAC Part II") to ensure a more comprehensive and actionable set of recommendations.

Portfolio Administrator (PA) Policy Recommendations in Business Plans

The group noted the importance of reviewing and potentially aligning with equity-related policy recommendations being advanced by PAs in their Business Plans. Examples raised include excluding participant and workforce-related costs from cost-effectiveness tests, allowing greater flexibility in adjusting Equity Segment budget caps based on eligible populations, improving CEDARS data systems to more accurately reflect program structure, and expanding the incorporation of non-energy benefits. A more systematic review of PA proposals could help identify areas of consensus and inform future Commission action.

Community-Designed Energy Efficiency Programs

There was strong interest in community-designed program models, though the group did not develop a formal recommendation. Early examples—such as SoCalREN's community-based design approach—highlight the value of engaging community-based organizations throughout the full program lifecycle, from design to implementation. Future work could explore best practices for structuring these collaboratives, including how to fund and support CBO capacity to participate, define roles and responsibilities, and determine appropriate regional or PA-level engagement models. Clarifying funding pathways for community engagement will be a key consideration.

Self-Install Incentives and Equity Considerations

The role of self-install measures surfaced as a complex and unresolved topic. On one hand, allowing incentives for self-install projects may improve accessibility and affordability—particularly for low-income customers who opt to self-install to reduce costs—and could help capture otherwise untracked energy savings. On the other hand, concerns remain regarding installation quality, verification, and the limited number of measures suitable for self-install under current workpapers. Additional considerations include how to appropriately credit behavioral and operational changes (e.g., operation and maintenance practices), and whether participant education should be paired with tangible incentives to respect customers' time and priorities. Given these tradeoffs, further analysis is needed to assess viable program designs, including potential guardrails such as eligibility limits, enhanced inspection protocols, or targeted incentive structures.

Collectively, these topics represent important opportunities to deepen the impact of equity-focused programming and should be prioritized for continued discussion and development in future phases of this work.

Conclusion

EAC envisions a portfolio that is more accessible, more adaptive, and more capable of meeting the needs of California's diverse communities. This memo presents 10 recommendations across 4 themes to PAs, CAEECC, and CPUC Energy Division, offering tangible steps to strengthen program portfolios, enhance cost-effectiveness, and advance California's climate, affordability, and workforce goals.