**CAEECC-Hosted Workshops[[1]](#footnote-1) on a Revised Definition of Hard to Reach Customers**

**Draft Prospectus 2/27/20**

**Goals:**

To develop a revised definition of Hard to Reach (HTR) with the goal to better ensure that no customer is left out of the benefits of energy efficiency programs.

**Brief Background/History:**

In 2018, the Commission responded to the numerous stakeholder requests to address uncertainty regarding the hard-to-reach (HTR) definition. In their determination, they stated:

“[T]he Commission has grappled with defining hard-to-reach, or the closely related and often interchangeably used term “underserved”, since as early as the late 1990’s (). The Commission’s primary concern at that time was that the utility programs were not making progress in expanding program reach into the customer segments that had historically not participated in ratepayer-funded energy efficiency programs at the level of their representation as ratepayers. The Commission also recognized that “underserved” or “hard-to-reach” are not static terms, and that a particular customer or market-segment, once targeted for program participation, is no longer underserved relative to others that program administrators have yet to target.”[[2]](#footnote-2)

The Commission noted that while the parties’ argument that “it may be reasonable to define hard-to-reach based on specific barriers that implementers face in engaging certain customers or customer segments, is well taken, there is insufficient record in this proceeding to develop such an alternative at this time.”[[3]](#footnote-3) This Decision resolved conflicting definitions of HTR by rejecting the more expansive definition found in the EE Policy Manual v.5 and as relied on in D.12-11-015, and adopting a more restrictive definition (with slight modification) found in Resolution G-3497.

With this background, a revised definition of HTR, supported by evidence that establishes that many customers are excluded from participation based solely on the current definition (with the goal of a Petition for Modification) seeks to 1) increase the accessibility and availability of energy-saving programs designed specifically to serve these customers, especially those experiencing high energy burden[[4]](#footnote-4) but are not eligible for the Energy Savings Assistance Program, and 2) scale up energy savings to help meet the state's aggressive energy-saving goals.

**Problem Statement:**

The current definition of HTR severely restricts the number of IOU customers who can receive program services in that category. The definition essentially eliminates small and medium businesses and medium income residents in the major urban centers in California, i.e., the San Francisco Bay Area and Los Angeles County. The new definition also requires that ratepayers meet multiple, rather than a single criterion to qualify.

The proposed workshops would be tasked with developing a revised definition of HTR, including sufficient evidence to support the proposed new definition.

The overall impact of the restrictions from the HTR definition (along with others, such as raising program cost-effectiveness to 1.25 for the IOUs, reduction of eligible EE measures, diminished potential as noted in the Goals and Potentials study, delayed rollout of new third party programs, etc.) has, in reality, greatly hampered the state goals of the doubling of energy efficiency savings in order to attain more aggressive GHG reductions.[[5]](#footnote-5) The urgency of climate change and the housing affordability crisis requires immediate action. The outcome of the workshops is to offer reasonable changes that would better allow for the achievement of state goals.

**Scope:**

1. Identify and acquire the necessary data to demonstrate the types and extent (i.e., number) of customers that are not being “adequately served” by current programs
2. Detail the exclusionary impacts of the current definition, and evaluate whether the current definition and rules impede the ability to reach state climate and equity goals
3. Provide a revised definition of HTR as needed
4. Define next steps including metrics, policy applications, etc.

**Meetings, Timeline, Composition**

1. There will be 1-2 workshops followed by. 1-2 Working Group meetings-- preliminarily scheduled during the September 2020 to February 2021 timeframe to develop a revised definition of HTR and inform potential additional recommendations related to the scope as outlined above; WG process to finalize definition
2. These workshops will identify convergences and divergences and strive for consensus where feasible. As with previous efforts, where consensus is not achieved, the final report would delineate any alternative definitions (including who supports each and why).
3. The composition of this workshop is open to any CAEECC Member or their representative as well as other stakeholder organizations that are qualified and interested in fully participating in the Workshops. All meetings will be open to the public.

**Deliverables:**

1. The main deliverable, similar to previous efforts, would be a comprehensive workshop report that outlines the consensus proposal and any non-consensus items, if they occur.
2. The final steps of the process would be a Petition for Modification regarding the definition of HTR.

**Facilitation Team:**

Scott McCreary (or Ellen Zuckerman) and Meredith Cowart

1. Recommending CAEECC-hosted Workshop format over more formal Working Group structure, in large part because assume a significant percentage of interested stakeholders will be non-CAEECC Members. [↑](#footnote-ref-1)
2. D.18-05-041, at page 44. [↑](#footnote-ref-2)
3. D.18-05-041, at page 46. [↑](#footnote-ref-3)
4. ACEEE. Growing the Energy Efficiency Pie. [↑](#footnote-ref-4)
5. See SB 350. [↑](#footnote-ref-5)