

FEBRUARY 28, 2022

# Equitably Electrifying California



# Equitably Electrifying California (EEC) Proposal

## What is it?

- A proposal to fund the costs of public purpose programs (PPP) with state tax revenues instead of electric utility rates

## What does it accomplish?

- Supports SB 100/electrification goals by reducing the rate of utility bill increases to prevent reaching a threshold where electrification is disincentivized
- Social policy program costs are paid for in a more progressive way, reducing the burden on lower-income customers

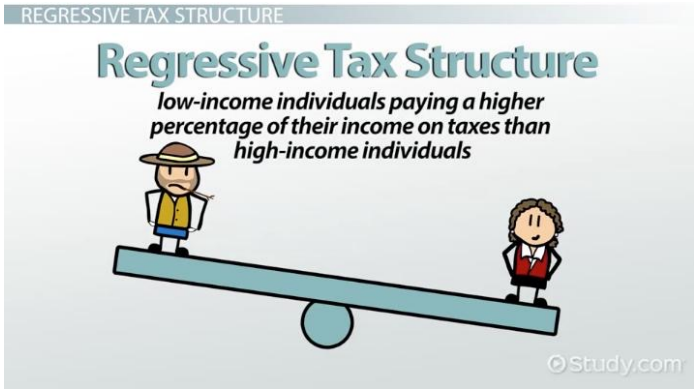
## Estimated Costs

- EBCE's back-of-the-envelope estimate: PPP including CARE is ~ \$2.7B/year

# Why is it important? Equity.

## Utility rates are not equitable

- Customers who are not CARE/FERA-eligible but nevertheless lower-income are paying as much as customers who have higher incomes – this regressive rate structure lies in stark contrast to state taxes which are progressive
- When EBCE has expanded its customers' program eligibility for its own electrification programs using Area Mean Income (AMI) instead of Federal Poverty Level (FPL), it has resulted in an increase in eligibility – these customers are struggling the most to bear the cost of PPP today



# Why is it important? Electrification.

Electric rates need to stay below a threshold to incentivize fuel-switching to electric

- EEC is not comprehensive but a piece of a larger multi-faceted solution
- Goal is to prevent electric rates from reaching a point that discourages electrification
- Gas/EV charging station signage example:  
Electric rates need be lower than gas



# Challenges

## Need legislative action and long-term funding source

- State General Fund – not an easy solution, doesn't qualify for surplus dollars, and need to ensure long-term budget availability for programs, especially CARE
- Greenhouse Gas Reduction Fund (GGRF) – may have additional funds in near term, but also largely accounted for

EEC doesn't solve problem in entirety – merely alleviates some rate pressure

# Ideas to Address Affordability

## Temporary General Fund or GGRF Buy-Down of PPP

- Provides more time to figure out longer-term funding stream while alleviating instant rate pressures

## More Effective Use of Incentive Dollars

- Ensure that incentive levels are matched to market demand to encourage more private sector investment

## Cap-and-Trade Customer Rebates

- Could be distributed to lower-income customers in a higher proportion to help alleviate the regressive nature of utility rates

## Moving Qualification Criteria from FPL to AMI for PPP Programs

- Enables more lower-income customers to benefit