





October 15, 2021

Jennifer Elwell
Senior Air Quality Engineer
Bay Area Air Quality Management District

Submitted via email to jelwell@baaqmd.gov

RE: Regulation 9, Rule 4 & 6: Considerations for Amendments to Center Equity

Dear Ms. Elwell:

On behalf of the undersigned organizations, we appreciate the opportunity to provide initial comments on the Air District's efforts to amend Regulation 9, Rule 4 & 6 to reduce the Bay Area's nitrogen oxide (NOx) emissions from the building sector.

As was noted in the April 19, 2021 presentation to the Board's Stationary Source and Climate Impacts Committee, the "Bay Area could reap \$1.1 billion in annual health cost benefits if all gas appliances are replaced with electric models." With the building sector being a major contributor to air pollution and climate change, phasing out gas use can play a key role in helping Bay Area cities and the State in achieving their clean air and climate goals.

Among the Bay Area's 2.8 million households, 22% are low-income, and 17%, totaling about 470,000 households, are low-income and rent-burdened. Low-income households are disproportionately impacted by air pollution, and many are more vulnerable to the impacts of climate change because they do not have access to air conditioning or cannot afford to run their

air conditioner because they are energy burdened. These vulnerabilities to air pollution and heat are intensifying as we live through a growing climate crisis caused by our dependency on fossil fuels.¹

By providing clean cooling technologies, like highly efficient heat pumps, to low-income households, we can lower energy bills, improve indoor comfort and health to stay safe from extreme heat, and protect from hazardous air quality caused by wildfire smoke. However, we understand that if this potential new rule does not center on equity, it can lead to unintended consequences that exacerbate energy burden, housing insecurity, and other existing inequities. For this reason, we would like to identify the following challenges and suggest potential solutions the Air District can explore as part of its ongoing rule development.

Financial Challenges

In some cases, purchasing and converting to electric appliances can be more expensive for households, especially when panel upgrades or structural changes are required. Potential solutions and priorities include:

- a. Coordinate with BayREN, StopWaste, utilities, and community choice aggregators (CCAs)² to ensure available funding goes toward services and incentives that cover fuel switching from gas to electric appliances, and panel upgrades should it be necessary. For example, turnkey Low-income Electric Upgrade programs, such as those in Marin and San Mateo Counties, could be scaled up to serve more homes. Safety net services should be prioritized to ensure that low-income households get the assistance they need for a smooth transition to clean electric heating, cooling, and water heating.
- b. Create a new program, similar to “Cash for Clunkers” or the Air District’s Clean Cars for All programs, that incentivizes households to switch out older gas appliances near their end of life and helps get households electric-ready before an emergency replacement is needed, while also covering panel upgrade costs and potential construction costs. It will be important for such programs to reach residents that struggle to pay their utility bills and may not have been able to participate in past incentive programs, such as providing full funding for upfront costs with respect to these installations.
- c. Provide incentives, such as immediate rebates, right when appliances are purchased at the store (e.g., include incentives in store prices) so income-eligible customers that are unable to afford to be reimbursed after purchase do not pay higher costs upfront.

¹ See for example, the recent IPCC report, dubbed Code Red for Humanity. <https://www.ipcc.ch/report/ar6/wg1/>

² MCE’s Low-Income Families and Tenants (LIFT) program, a pilot of which launched in 2018, successfully reduced the energy burden and improved the quality of life of 680 income-qualified multi-family properties by electrifying homes and pairing it with energy efficiency. Customers are currently saving an average of \$192 a year on their energy bill.

- d. Develop binding partnerships between various public entities and and private partners (i.e. cities, CCAs, utilities, manufacturers, PUC, etc.) to commit to:
 - i. Developing a robust financing plan that prioritizes investments toward participants in CARE and/or FERA energy bill assistance programs, customers at risk of disconnection, and those that have high utility debt. This program should also be done in partnership with community-based organizations to provide non-traditional marketing and enrollment targeting eligible households.
 - ii. Implement a [tariffed on-bill program](#) that allows a utility to pay for cost-effective energy improvements at a specific residence and recover its costs for those improvements over time through a dedicated charge on the utility bill that is immediately less than the estimated savings from the improvements.
 - iii. Re-design electrical rates so that they take into account electrification loads and ensure low income and environmental justice customers are reaping the benefits of clean appliances.
 - iv. Commit to reducing the soft costs for property owners associated with acquiring permits and applying for service changes from the gas and electric utilities, with a focus on streamlining the process for low income residents and buildings that rent units below market rate.
- e. Require retrofits (either appliances, panel upgrades, or electric-ready requirements) at time of sale of a property. Link requirement to income or accrued home equity to avoid burdening low income homeowners or those in foreclosure.

Rent & Displacement Protections

Concerns have been voiced about the potential for landlords to increase rent or displace vulnerable residents after providing home upgrades. There is also concern that when electrification retrofits are tied to building permits or applications for building repairs, property owners may delay or avoid making important building repairs. Potential solutions and priorities include:

- a. Assess the risk, based on feedback from relevant stakeholders, such as tenants unions.
- b. Mirror California's Low-Income Weatherization Program and its strategy to require property owners to sign an affidavit to ensure rent will not be increased and tenants will not be evicted following home upgrades.
 - i. For extremely large projects in low-income communities, requiring a deed restriction for several years following the project could be appropriate.
- c. Explore additional tenant protections and anti-displacement strategies and requirements for any program that deploys clean appliances in partnership with relevant stakeholders.

When done right, electrification can equitably provide significant benefits in terms of affordability, quality of life, and public health to vulnerable Californians that need these benefits the most. We must be proactive now to avoid low-income and environmental justice communities shouldering the increasing costs of an aging gas infrastructure that will be outdated in the next few decades, and avoid placing more barriers and burdens on low-income communities. By being proactive, we can also send a strong market signal to increase contractor familiarity, advance energy democracy for communities that need these resources the most, and spur economic development that will create good paying jobs and careers in the clean energy sector.

We look forward to continuing to collaborate with you on this important rule.

Sincerely,

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