
VETO

Bill No: SB 647
Author: Hurtado (D)
Enrolled: 9/18/25
Vote: 27

SENATE ENERGY, U. & C. COMMITTEE: 13-1, 4/29/25

AYES: Becker, Allen, Archuleta, Arreguín, Ashby, Caballero, Gonzalez, Hurtado, Limón, McNerney, Rubio, Stern, Wahab

NOES: Strickland

NO VOTE RECORDED: Ochoa Bogh, Dahle, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto

NO VOTE RECORDED: Dahle

SENATE FLOOR: 29-7, 9/13/25

AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NOES: Alvarado-Gil, Dahle, Grove, Jones, Niello, Seyarto, Strickland

NO VOTE RECORDED: Choi, Gonzalez, Ochoa Bogh, Valladares

ASSEMBLY FLOOR: 61-18, 9/12/25 - See last page for vote

SUBJECT: Energy: Equitable Building Decarbonization Program: Low-Income Oversight Board: membership

SOURCE: Energy Transition Collective

DIGEST: This bill adds a representative to the Low-Income Oversight Board (LIOB) from the California Energy Commission (CEC) and requires the CEC to provide applicants to the Equitable Building Decarbonization (EBD) program with

information about other energy efficiency and building decarbonization incentives overseen by the California Public Utilities Commission (CPUC).

ANALYSIS:

Existing law:

- 1) Establishes the LIOB to advise the CPUC regarding low-income electric, gas and water customer issues. Existing law specifies the LIOB's duties, including, but not limited to encouraging collaboration between state and utility programs for low-income electricity and gas customers. Existing law specifies the membership of the LIOB, which includes 11 members. (Public Utilities Code §382.1)
- 2) Establishes Energy Savings Assistance Program (ESAP), which is overseen by the CPUC, to provide ratepayer-funded upgrades to low-income households, including low-income residents in multi-family housing. Under existing law, these upgrades may include improved insulation, weatherization services, low-flow shower heads, building envelope repairs and caulking, and installation of energy-efficient refrigerators and furnaces. Existing law specifies that low-income households eligible for ESAP are those households whose incomes are at or below 250% of the federal poverty level (FPL). Existing law prohibits the CPUC from increasing the authorized budgets of ESAP based on increased income thresholds. (Public Utilities Code §§382 and 2790)
- 3) Establishes the EBD program, which is overseen by the CEC, to provide incentives for specified energy efficiency, demand response, and building decarbonization measures. Existing law authorizes the CEC to establish regional third-party administrators for the EBD program. Under existing law, the EBD program includes the following three main subprograms:
 - a) Statewide Direct Install program: provides no-cost energy efficiency and electrification retrofits for low-income households in California.
 - b) Statewide Incentive program: provides financing mechanisms to reduce the cost of loans for home energy retrofits that improve energy efficiency and reduce greenhouse gas (GHG) emissions.
 - c) Tribal Direct Install program: provides direct install incentives specifically for residential buildings owned or management by a California Native American tribe, tribal organization, or tribal member. (Public Resources Code §25665 et. seq.)

- 4) Existing law restricts eligibility for EBD direct install incentives to “low-to-moderate income” households and defines “low-to-moderate income” households whose income does not exceed 120% of area median income (AMI), adjusted for family size as specified by the United States Department of Housing and Urban Development (HUD). (Health and Safety Code §50093 and Public Resources Code §§25665 and 25665.3)

This bill:

- 1) Expands the membership of the LIOB from 11 to 12 members by adding a representative from the CEC.
- 2) The CEC shall establish a mechanism to notify applicants for the EBD program that they may also be eligible for building energy efficiency and decarbonization incentives authorized by the CPUC.

Background

Multiple agencies oversee energy efficiency and building decarbonization incentives aimed at low and moderate income households. The Legislature has established multiple programs aimed at providing incentives to low and moderate income households for the purposes of limiting energy consumption, increasing behind-the-meter generation, and helping these households fuel switch from gas to electric appliances. ESAP is one of the oldest low-income energy assistance programs, and it is administered by the CPUC to provide weatherization and other energy efficiency incentives. The CPUC has long overseen the majority of these low-income ratepayer assistance programs. However, recent legislation established the EBD program, which provides incentives to low and moderate income households for certain building decarbonization upgrades through the CEC. Below is a description of these two programs and their respective administration requirements:

- ESAP is overseen by the CPUC and funded by ratepayer monies. The large investor-owned utilities (IOUs) and small multi-jurisdictional utilities administer the program. ESAP incentives are only available within each utility’s service territory, which reflects the need to effectively manage ratepayer costs for each utility.

- The EBD Program is overseen by the CEC and is funded through several different non-ratepayer sources, including General Fund moneys and Greenhouse Gas Reduction Fund (GGRF dollars). Since the program does not use ratepayer funds, EBD program incentives are available statewide. Existing law also allowed the CEC to select regional third-party administrators for the program.

Bill aims to increase households' awareness about opportunities to stack decarbonization incentives across departments. A substantial challenge for stacking incentives is the lack of alignment in income eligibility across programs. While the CPUC's ESAP program provides incentives to households whose incomes are at or below 250% of the FPL, the CPUC's EBD program provides incentives to low and moderate-income households based on AMI. These differing income restriction definitions result in significant variability in eligibility. For example, the annual FPL income limit for a family of four is \$78,000. However, under AMI in Sacramento County, the annual low-to-moderate income threshold for a family of four is between \$94,300 and \$136,700. While this variability can make it challenging for households to align incentives across programs, ESAP's focus on households meeting certain FPL thresholds helps ensure that ratepayer funds are provided to those households least able to access other incentives. Additionally, it limits the extent to which lower income ratepayers are forced to compete against higher income households for limited funds. Many California households have incomes that are impacted by disparities between local wages and the cost-of-living. These households' incomes may exceed FPL but remain relatively lower for their geographic locations. For example, Fresno County's low-to-moderate AMI income threshold for a family of four is between \$70,300 and \$105,500 while the same AMI threshold in San Francisco County is between \$156,650 and \$223,900. The use of AMI income thresholds in the EBD program enables the CEC to use non-ratepayer funds to reach these households. This bill requires the CEC to establish a mechanism to notify EBD applicants about the availability of decarbonization incentives at CPUC that applicants may stack with EBD incentives to make deeper decarbonization upgrades.

Related/Prior Legislation

AB 209 (Committee on Budget, Chapter 251, Statutes of 2022) allocated various funds to implement the 2022 Budget Act. The bill established various energy programs, including the EBD program at the CEC.

SB 756 (Hueso, Chapter 248, Statutes of 2021) increased the income eligibility threshold for ESAP from 200% of the FPL to 250% of the FPL and prohibited the

CPUC from increasing the authorized budget for ESAP based on the expansion of income eligibility.

SB 1403 (Hueso) of 2020, would have expanded ESAP income eligibility. The bill died in the Assembly.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee:

- 1) This bill requires new analytical and administrative work of the CPUC to evaluate existing metrics, develop new metrics and incorporate them into evaluations, and to regulate the actions of program administrators. Doing so will likely require new resources in the hundreds of thousands of dollars annually, mainly for new staff, with costs diminishing somewhat in the out years, following development and incorporation of the new metrics (Public Utilities Commission Utilities Reimbursement Account).

The CPUC estimates it will need \$437,000 annually ongoing. Those cost are comprised of \$363,000 in personnel costs for one regulatory analyst (\$218,000 annually) and one administrative analyst (\$145,000), as well as \$110,000 annually for travel, materials, equipment and other miscellaneous costs.

- 2) Costs to CEC should be minor and absorbable.

SUPPORT: (Verified 10/6/25)

Energy Transition Collective (Source)
Access Plus Capital
Asian Business Association of Silicon Valley
Association of California Community and Energy Services
Bay Counties Construction & Maintenance
California Community Action Partnership Association
California Community Builders
California Solar & Storage Association
Chicana Latina Foundation
City of Dinuba
Climate Resilient Communities
Community Consumer Defense League
Community Development Inc.
Community Housing Opportunities Corporation
Community Outreach Services

Community Resource Project
CR Energy Solutions
DNA Contracting, LLC
El Concilio of San Mateo
Fresno Hmong Newyear
Highlands Diversified
Inland Empire Latino Coalition
Latinxs and the Environment
N'de Apache Nation Tribe
Proteus, Inc.
Quantum Energy Services & Technologies
Regenerate California Innovation, Inc.
San Diego Gas & Electric Company
Self-Help Enterprises
Solar-Oversight
Southern California Gas Company
Suscol Intertribal Council
TELACU
The Ortiz Group
The Two Hundred for Homeownership
Viridis Consulting
West Coast Green Builders, LLC

OPPOSITION: (Verified 10/6/25)

None received

ARGUMENTS IN SUPPORT: According to the author:

The energy affordability crisis disproportionately impacts low and moderate-income households, particularly in the Central Valley, where extreme summer heat, aging housing stock, and rising utility costs create serious financial and public health challenges. Many families in the Central Valley and across the state live in homes with inadequate insulation, inefficient cooling systems, and outdated appliances that only increase their energy costs. SB 647 strengthens and modernizes California's low-income energy assistance programs by prioritizing health, safety, affordability, and equitable access so that more individuals can benefit from these programs and reduce their monthly bills. With this measure we are addressing structural barriers that prevent vulnerable households from accessing critical energy efficiency upgrades needed to lower utility costs, enhance indoor air quality, and create safer, more sustainable

living conditions. SB 647 alleviates some of the financial burden on households most affected by California's energy affordability crisis.

GOVERNOR'S VETO MESSAGE:

I am returning Senate Bill 647 without my signature.

This bill would make several changes related to the State's energy efficiency programs and the Low-Income Oversight Board (LIOB), including expanding the Board's membership. The bill also requires the California Energy Commission (CEC) Equitable Decarbonization program to notify applicants of other available incentive programs overseen by the California Public Utilities Commission (CPUC).

I support providing Californians greater access to the state's customer energy programs. However, this bill proposes changes that expand the scope of the LIOB beyond its intended purpose and increase the CPUC and CEC's administrative costs. Additionally, the Disadvantaged Communities Advisory Group (DACAG), already coordinates with the LIOB and advises the CEC and CPUC on customer energy programs available to disadvantaged communities throughout the state. I encourage the DACAG and LIOB to continue their coordination and identify additional methods and strategies to enhance customer access to various energy programs.

At a time when electric bill affordability continues to be a pervasive challenge, it is important that we maximize existing coordination groups and consider the new workload and costs impacts to the CEC and CPUC, some of which are ultimately borne by electric customers, to avoid further compounding the costs embedded in customer electric bills.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 61-18, 9/12/25

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, Castillo, Chen, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff
Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez,
Tangipa, Wallis

NO VOTE RECORDED: Ta

Prepared by: Sarah Smith / E., U. & C. / (916) 651-4107
10/8/25 14:36:56

**** **END** ****