SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Benjamin Allen, Chair
2025 - 2026 Regular

Bill No:	SB 924	**Hearing Date:**	4/13/2026
Author:	Hurtado		
Version:	4/6/2026 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Sarah Smith		

SUBJECT: Low-income energy assistance

DIGEST: This bill makes various modifications to the Energy Savings Assistance Program (ESAP). Specifically, this bill expands the types of home upgrades eligible for ESAP funding by modifying the definition of eligible "weatherization" upgrades to include efficient and smart appliances, heat pumps, and heating, ventilation, and air conditioning (HVAC) systems.

ANALYSIS:

Existing law:

1) Establishes ESAP, which is overseen by the California Public Utilities Commission (CPUC), to provide ratepayer-funded upgrades to low-income households, including low-income residents in multi-family housing. 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)

2) Existing law requires electrical and gas corporations to provide certain weatherization services to low-income households through ESAP. Existing law specifies that "weatherization" may include the following:

   a) Attic insulation.
   b) Caulking.
   c) Weatherstripping.
   d) Low-flow showerhead.
   e) Waterheater blanket.
   f) Door and building envelope repairs that reduce air infiltration. (Public Utilities Code §2790)

3) Under existing law, "weatherization" may also include other building conservation measures, energy management technology, energy-efficient appliances, and other energy education programs, as determined by the CPUC. Existing law requires the CPUC to consider the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households. (Public Utilities Code §2790)

4) Establishes the Low-Income Oversight Board (LIOB) to advise the CPUC regarding low-income electric, gas and water customer issues. Existing law specifies the board'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)

5) Establishes a supplier diversity program by requiring the CPUC to direct each electrical corporation, gas corporation, water corporation, telephone corporation, and wireless telecommunications service provider with gross annual revenues exceeding $25 million, to annually submit a plan for increasing procurement with women, minority, disabled veteran, and LGBT business enterprises (WMDVLGBTBEs). (Public Utilities Code §8283)

6) Establishes the Equitable Building Decarbonization (EBD) program, which is overseen by the California Energy Commission (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.)

7) 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) Deletes the existing definition of "weatherization" for the ESAP program, and instead redefines eligible weatherization upgrades to include the following:

    a) Attic insulation.
    b) Air infiltration measures.
    c) Water heating and water-saving technologies.
    d) Minor home repairs that reduce air infiltration or energy usage.
    e) High-efficiency and smart appliances.
    f) Heating, ventilation, and air conditioning.
    g) Heat pump technologies.
    h) Energy management technologies.

2) Requires electrical and gas corporations to prioritize the following in administering ESAP incentives:

    a) Measurable improvements in household affordability including utility bill savings and positive impacts on household health and safety and overall quality of life.
    b) Integration of health, safety, and indoor air quality improvement measures necessary to enable whole-home improvements.
    c) Coordinated delivery across fuel types and housing types, conditions, and tenancy structures.
    d) Program design that allows for tenant-level benefits where upgrades occur in rental properties.

3) Requires each electrical corporation and gas corporation to report on measurable household affordability outcomes, including estimated bill reductions, disaggregated by housing type and tenancy status, as specified.

4) Requires the CPUC to consult with the LIOB and ensure meaningful public and stakeholder input as part of the implementation of this bill.

5) Requires each electrical corporation and gas corporation to prioritize participation by California-based small business enterprises, minority-owned business enterprises, women-owned business enterprises, and disabled veteran business enterprises as part of providing ESAP incentives under this bill.

6) Specifies that ESAP contracting processes must provide meaningful participation for diverse businesses and avoid procurement structures that unduly favor large or vertically integrated corporations.

7) Specifies that this bill does not prohibit competitive bidding requirements or impact state procurement requirements.

Background

The ESAP program provides low-income weatherization and energy efficiency services. ESAP is one of the CPUC's oldest low-income assistance programs. The program provides low-income households with ratepayer-funded services that improve the energy efficiency of their homes and replace certain appliances with energy efficiency appliances. Unlike many other programs, ESAP does not have strict cost-effectiveness requirements that would require repayment of upgrades in the form of energy savings. Instead, existing law requires the CPUC to consider the cost-effectiveness of measures as a whole as well as certain non-energy benefits, including measures that improve residents' bill affordability and health and safety.

Since the establishment of ESAP, the CPUC and other agencies have established additional programs aimed at funding home upgrades to improve energy savings and increase electrification of home appliances. For example, recent budget legislation (AB 209, Committee on Budget, Chapter 251, Statutes of 2022) established the EBD program, which provides funding for home upgrades that decrease GHG emissions from homes. Unlike ESAP, the EBD program is not funded by ratepayers and provides incentives to moderate income households that are ineligible for ESAP.

Bill may expressly broaden the types of services eligible for ESAP funding. This bill modifies the types of services expressly eligible for ESAP funding to expressly authorize funding for a broader range of services in statute. While some measures added to statute by this bill are already eligible for ESAP funding, this bill may permit a broader range of upgrades to obtain ESAP eligibility. While existing law provides a specified list of items eligible for ESAP funding as "weatherization" measures, ESAP program guidelines specifies eligibility for a broader range of energy efficiency measures. For example, statute does not expressly list smart thermostats as eligible for ESAP funding; however, the CPUC's ESAP Policy and Procedures Manual for the 2021-2026 cycle shows that all but one of the investor-owned utilities (IOUs) offer smart thermostats through ESAP. Additionally, while existing statute does not list HVAC upgrades as eligible weatherization measures, most of the IOUs offer some form of HVAC upgrades. This bill deletes certain measures that are expressly included as "weatherization" measures eligible for

ESAP funding, including weatherstripping and caulking services. While these measures may continue to be eligible as services that improve energy savings, they will not be expressly listed as eligible weatherization measures under this bill. Currently, these measures – and other services that help seal a resident's building envelope – are among the most widely offered, cost-effective energy saving services eligible for ESAP funding.

Existing law encourages diverse supplier procurement by utilities. This bill requires the CPUC to direct IOUs to prioritize contracting with diverse businesses when funding ESAP services. Under existing law, IOUs are already required to comply with certain diverse supplier and contracting requirements pursuant to CPUC General Order 156 (GO 156). GO 156 requires IOUs to submit an annual report on efforts to increase procurement with WMDVLGBTBEs. This bill specifically requires the CPUC to ensure that utilities prioritize contracting with small businesses, minority-owned businesses, women-owned businesses, and disabled veteran business enterprises; however, this bill does not require utilities to prioritize contracting with the full scope of diverse suppliers included in GO 156. Additionally, it is not clear whether this bill's prioritization requirements are in lieu of or in addition to GO 156 requirements. To the extent that this bill requires a different prioritization of diverse suppliers than those requirements in GO 156, this bill may conflict with existing diverse supplier programs required by statute.

Need for Amendments. As currently written, this bill expands the list of services eligible for ESAP funding to include items that may not provide energy savings. Additionally, this bill deletes existing law that makes certain weatherization services, including caulking, expressly eligible for ESAP funding. This bill contains provisions that may duplicate efforts already required under GO 156. This bill also requires electrical and gas corporations to prioritize certain non-energy benefits, such as quality-of-life improvements, as part of ESAP administration. However, such non-energy benefits are not defined. As a result, it may not be feasible for utilities to effectively prioritize measures based on these criteria. *For these reasons, the author and committee may wish to amend this bill to do the following:*

- *Clarify that existing weatherization services will remain eligible for ESAP funding.*
- *Require the CPUC to ensure that services eligible for ESAP funding provide energy savings when considered as a whole and do not result in any undue cost burdens for ratepayers.*
- *Remove requirements for utilities to use non-energy benefits for prioritizing ESAP services and instead allow the CPUC to consider non-energy benefits in establishing priorities for ESAP services.*

- *Clarify that supplier diversity requirements for ESAP shall be consistent with GO 156.*

Prior/Related Legislation

SB 647 (Hurtado) of 2025, would have added a representative to the LIOB from the CEC and required the CEC to provide applicants to the EBD program with information about other energy efficiency and building decarbonization incentives overseen by the CPUC. The bill was vetoed.

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 budget of ESAP.

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: Yes

SUPPORT:

The Energy Transition Collective (Sponsor)
Access Plus Capital
Asian Business Association of Silicon Valley
Bay Counties Construction & Maintenance
Chicana Latina Foundation
Community Housing Opportunities Corporation
Climate Resilient Communities
Community Resource Project
El Concilio of San Mateo County
Inland Empire Latino Coalition
La Clinica de La Raza
La Familias Tomando Acción
LeadingAge California
Little Hoover Commission
N'de Apache Nation Tribe
Project Go
Quantum Energy Services & Technologies

Solar-Oversight
Suscol Intertribal Council
The Ortiz Group
The Two Hundred for Homeownership
UC Berkeley Latinx Faculty Association
West Coast Green Builders, LLC
An Individual

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the author:

> As California moves forward with its clean energy transition, SB 924 ensures the future of energy in our state works for everyone, not just those who can already afford to upgrade. Too many hardworking families – our farmworkers, caregivers, teachers, and seniors – live in homes with outdated systems that drive up energy bills and worsen indoor air quality, especially in regions like the Central Valley where heat is extreme and incomes are limited. These conditions drive up energy bills and put families' health at risk.
>
> At its core, SB 924 tackles the structural barriers that prevent vulnerable Californians from benefiting fully from energy savings programs bringing fairness, health and safety, and equity into California's energy transition, while providing necessary financial relief to those who are hurting the most

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