

THIRD READING

Bill No: SB 924
Author: Hurtado (D)
Amended: 4/20/26
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 16-1, 4/13/26

AYES: Allen, Ochoa Bogh, Archuleta, Arreguín, Becker, Caballero, Dahle,
Gonzalez, Grove, Hurtado, McNerney, Reyes, Richardson, Rubio, Stern, Wahab
NOES: Strickland

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Low-income energy assistance

SOURCE: The Energy Transition Collective

DIGEST: This bill makes various modifications to the Energy Savings Assistance Program (ESAP). 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, adjusted for family size as specified by the United States Department of Housing and Urban Development. (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, including caulking, weatherstripping and other measures deemed appropriate by the CPUC.
 - 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) Integration of health, safety, and indoor air quality improvement measures necessary to enable whole-home improvements.

- b) Coordinated delivery across fuel types and housing types, conditions, and tenancy structures.
 - c) Program design that allows for tenant-level benefits where upgrades occur in rental properties.
- 3) Authorizes the CPUC to consider nonenergy benefits when establishing priorities for ESAP and requires the CPUC to ensure that weatherization program costs do not result in undue burdens for ratepayers.
 - 4) 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.
 - 5) Requires the CPUC to consult with the LIOB and ensure meaningful public and stakeholder input as part of the implementation of this bill.
 - 6) Requires the CPUC to ensure that any ESAP diverse contracting requirements are consistent with utilities' diverse procurement plans submitted to the CPUC pursuant to existing law.
 - 7) Specifies that ESAP contracting processes must provide meaningful participation for diverse businesses and avoid procurement structures that unduly favor large or vertically integrated corporations.
 - 8) 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 expressly 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. However, not all utilities offer incentives for the same types of HVAC upgrades.

Existing law encourages diverse supplier procurement by utilities. Under existing law, IOUs are 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 diverse contracting requirements for ESAP comply with diverse procurement plans filed by the utilities pursuant to GO 156. This bill does not require the CPUC to establish diverse procurement or contracting requirements separately from those rules already established in GO 156.

Related/Prior 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

According to the Senate Appropriations Committee, the California Public Utilities Commission (CPUC) estimates ongoing costs of \$718,000 in the first year and \$468,000 annually thereafter (ratepayer funds) to (1) consider the prioritization of nonenergy benefits, and the health and safety of residents, when designing the ESA program; (2) ensure that weatherization program costs would not be an undue burden for ratepayers; and (3) ensure that the IOUs' ESAP contracting efforts are consistent with their annual supplier diversity reports to the CPUC, among other things.

SUPPORT: (Verified 5/14/26)

The Energy Transition Collective (Source)
Access Plus Capital
Asian Business Association of Silicon Valley
Bay Counties Construction & Maintenance
Chicana Latina Foundation
Community Development
Community Housing Opportunities Corporation
Climate Resilient Communities
Community Resource Project
El Concilio of San Mateo County
Highlands Diversified
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
Puente de la Costa SUR
Quantum Energy Services & Technologies
Reach Coalition, San Mateo County
Redwood Community Action Agency
Regenerate California Innovation
Self-Help Enterprises
Solar-Oversight
Suscol Intertribal Council
The Alvarado Group Services
The Ortiz Group
The Two Hundred for Homeownership
UC Berkeley Latinx Faculty Association
West Coast Green Builders, LLC
1 Individual

OPPOSITION: (Verified 5/14/26)

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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