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Docket Number:	19-ERDD-01
Project Title:	Research Idea Exchange
TN #:	236408
Document Title:	SoCalGas Comments on Pre-Application Funding Opportunity
Description:	N/A
Filer:	Patty Paul
Organization:	SoCalGas
Submitter Role:	Public
Submission Date:	1/22/2021 4:55:47 PM
Docketed Date:	1/22/2021



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January 22, 2021

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Reimagining Affordable Mixed-use Development in a Carbon-Constrained Future.

SoCalGas appreciates the opportunity to comment in the CEC's pre-application funding opportunity. SoCalGas participated in the workshop on January 21st and believes that the CEC grant opportunity could be further enhanced by including natural gas technologies due to their availability, affordability and preference by many in the building community.

SoCalGas was concerned to learn that a grant opportunity targeting affordable mixed-use development would only be available to building projects and technologies that are "emissions free." Currently, there is simply no complete system that would qualify under this constraint. Indeed, the use of electricity itself is not-emissions free, as current grid-based power generation results in off-site emissions¹, which have localized and regional impacts as well.

While SoCalGas applauds the CEC's efforts in this respect, it believes that a better criteria that more accurately reflects the realities of the energy system today would be something along the lines of "Best Available Control Technology." This criteria is used at many state agencies and is meant to take advantage of the most superior available technology that exists to achieve an environmental goal. This criteria would allow for the CEC to provide grants to affordable multi-family units that are maximizing electric end-use while also driving greater efficiency and technology adoption of natural gas technologies when needed.

An example of this is a scenario where a mixed-use, affordable multi-family building is being constructed, in which electric end uses are maximized but where other applications in the building might be best served by natural gas, such as common heating needs or even specific needs, such as a restaurant in the building. As currently structured in the solicitation materials, the grant funding would be limited to all electric building designs, and apparently excludes natural gas from any portion of the building energy systems. This would be a missed opportunity to potentially leverage additional external funding to demonstrate advanced high efficiency gas technologies such as gas heat pumps for space and water heating, fuel cells for power generation, and advanced control technologies that can help integrate these mixed fuel systems. Additionally, complete reliance on electricity for all end uses may inadvertently expose

¹ <https://www.epa.gov/egrid/data-explorer>

customers to significantly higher operating costs due to variable time of use and demand charges imposed by electric utilities, which may present challenges for affordable housing customers.

SoCalGas is aware of builders' interest to incorporate highly efficient gas-fired fuel cell technology into their multi-family projects, which would include affordable housing. This clean, on-site power generation technology would provide a resilient, reliable, efficient and low emission power source. Paired with renewable natural gas, this technology would produce zero net carbon emissions. But if the grant program deems projects that include any type of natural gas technologies as ineligible, the program may be missing an important opportunity to work with builders that would like to include practical, affordable, and highly efficient gas end use technologies that can dramatically reduce emissions.

CEC staff noted in the chat box during the workshop on January 21, 2021 that EPIC funds should be allocated towards the electric space and design, but there is opportunity to fund the gas side using other non-CEC fund sources. SoCalGas would appreciate clarification and confirmation by the CEC that natural gas aspects of a project would not disqualify that project if funded by other means.

Overall SoCalGas strongly urges the CEC to employ more inclusive criteria that consider important factors such as affordability, customer preference, and that incent further emissions reductions as opposed to leaving reductions on the table.

Questions

- In a mixed-use building project, (residential, commercial, retail, food service etc), please provide clarification whether grant funding eligibility permits natural gas in the building design at all, or whether it is excluded entirely?
- Please clarify whether this grant program is intended to prioritize emissions reductions or affordability?

Sincerely,

/s/ Tim Carmichael

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