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on CalEHP

Additional submitted attachment is included below.

March 31, 2022

California Energy Commission
Docket Office, MS-4
Re: Docket No. 21-DECARB-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company’s Comments on the California Energy Commission
Docket No. 21-DECARB-01: Comments on the Proposed Design of the California
Electric Homes Program (CalEHP)

Dear Commissioners:

On March 17, 2022, the California Energy Commission (CEC) hosted a workshop to discuss and solicit public comment and stakeholder feedback on the proposed guiding principles and proposal for a third-party administrator to implement the California Electric Homes Program (CalEHP), named in statute as the Building Initiative for Low-Emissions Development Program Phase 2 by Assembly Bill (AB) 137.

Southern California Edison (SCE) appreciates the opportunity to submit comments on the workshop, as set forth below.

I. Cities with Reach Codes Should Be Eligible for Program Incentives

SCE commends the CEC’s efforts to decarbonize new market-rate single family and multifamily buildings. This funding for CalEHP is needed for home builders to construct healthy housing for Californians and improve air quality in our communities.

However, the Project Eligibility section on page 4 of the Guiding Principles states, “Incentive payments are available for new all-electric housing and residential storage that is above the local government and CEC’s Energy Code minimum requirements.”¹ SCE believes that this provision is problematic in that it would disqualify jurisdictions that have led the way in decarbonization by passing all-electric reach codes. Additionally, SCE is concerned that this provision will also deter other cities and counties from passing electrification reach codes in the future. To

¹ CalEHP Draft Guiding Principles, March 2022, *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=242342&DocumentContentId=75837>

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effectively decarbonize our buildings, both reach codes and incentive funding are needed; jurisdictions should not be forced to choose between the two.

The California Public Utilities Commission (CPUC) Decision (D.)09-05-037² recognizes the importance of both reach codes and incentive funding. In Section 3.3.2 of D.09-05-037, the CPUC clarified its position on this matter by stating that we should not disadvantage businesses and residents of the communities with reach codes (mandatory levels of energy efficiency and/or “green construction” in new or renovated buildings at levels greater than minimum statewide codes) by making them ineligible for incentives that would be available to the businesses and residents of less forward-thinking communities.³ “This acts as a strong disincentive for local governments considering implementation of ‘reach codes’ and standards since the effect is to deny their constituents funds that they would be eligible for absent a local reach requirement. Local reach codes and standards can be powerful program marketing tools for energy efficiency programs, and set precedents that can spur stricter codes and standards statewide.”⁴ A new program with inconsistent program rules may create significant market confusion and hinder new construction program participation.

SCE respectfully requests that the CEC revise its Project Eligibility section to instead read, “Incentive payments are available for new all-electric housing and residential storage that is above the CEC’s Energy Code minimum requirements.” This revision will align with the CPUC’s precedent and position that local ordinances that exceed state codes and standards can and should be part of carefully planned campaigns for market transformation. The building electrification market is still nascent and strong policies and interventions are needed to rapidly grow the market. Incentives and savings in communities with “reach” requirements should be eligible for the same incentives as other communities.

II. Conclusion

SCE thanks the CEC for consideration of the above comments and looks forward to continuing its partnership with stakeholders to develop the CalEHP Program. Please contact me at (626) 302-0905 with questions or concerns. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt

² CPUC Decision 09-05-037, found at https://docs.cpuc.ca.gov/PublishedDocs/WORD_PDF/FINAL_DECISION/101543.PDF

³ D.09-05-037, pages 26-30

⁴ D.09-05-037, pages 29-30