

<b>DOCKETED</b>	
<b>Docket Number:</b>	23-DECARB-02
<b>Project Title:</b>	Inclusive Utility Investments
<b>TN #:</b>	251872
<b>Document Title:</b>	San Diego Gas & Electric (SDG&E) Comments - Response to CEC RFI on the Inclusive Utility Investment Report
<b>Description:</b>	N/A
<b>Filer:</b>	System
<b>Organization:</b>	San Diego Gas & Electric (SDG&E)
<b>Submitter Role:</b>	Public
<b>Submission Date:</b>	8/24/2023 3:51:45 PM
<b>Docketed Date:</b>	8/24/2023

*Comment Received From: San Diego Gas & Electric (SDG&E)*  
*Submitted On: 8/24/2023*  
*Docket Number: 23-DECARB-02*

## **Response to CEC RFI on the Inclusive Utility Investment Report**

Please see SDG&E's comments attached.

*Additional submitted attachment is included below.*



Sarah M. Taheri  
Regulatory Affairs Manager

925 L Street, Ste. 650  
Sacramento, CA 95814

cell: 916.708.7409  
email: staheri@sdge.com

August 24, 2023

California Energy Commission  
Docket Unit, MS-4  
Docket No. 23-DECARB-02  
715 P Street  
Sacramento, CA 95814

**SUBJECT: San Diego Gas & Electric Company Response to the CEC's Request for Information on the Inclusive Utility Investment Report (Docket No. 23-DECARB-02)**

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to provide comments in response to the CEC's Request for Information (RFI) on the Inclusive Utility Investment (IUI) Report required by Senate Bill (SB) 1112.

SDG&E recognizes the essential role electricity is expected to play in building decarbonization. SDG&E believes that California could serve as a global leader in building the clean energy economy of the future. Effective partnership and stakeholder engagement through programs like this will foster economically and socially sustainable decarbonization models for other states and countries. Utilizing non-ratepayer, public funding sources for customer programs like the ones SB 1112 seeks to advance will be critical to furthering investments in clean energy and building decarbonization while maintaining affordable energy costs.

The CEC's effort addressing IUI is very timely, as the California Public Utilities Commission (CPUC) is addressing this same financing mechanism in its Clean Energy Financing Rulemaking (R.) 20-08-022, wherein electrical corporations, community choice aggregators, and other eligible entities have submitted proposals and comments regarding Tariff On-Bill (TOB) programs, also referred to as IUI. The proposals, and August 10th CPUC Decision (D.) 23-08-026, could offer answers and insights to the questions in this Request for Information. Furthermore, CPUC (D.) 23-08-026 directed the investor-owned utilities (IOUs) to partner with Silicon Valley Clean Energy Authority (SVCE) to establish a working group for stakeholders to develop a Joint TOB or IUI proposal to be submitted to the CPUC for approval by May 2024. SDG&E encourages the CEC to participate and/or monitor the working group discussions, as the questions laid out in this Request for Information can be addressed therein.

In the appendix, SDG&E provides specific responses to selected questions posed in the RFI for public input. Thank you for your consideration of these comments. SDG&E supports the CEC's ongoing efforts to advance building decarbonization and believes that

identifying additional public funding sources outside of ratepayer-funded programs will serve Californians well. We welcome the opportunity to further discuss this input with CEC staff and appreciate the CEC's interest in ensuring that technical assistance offered through these funding mechanisms can focus on areas that will be most impactful for facilitating investments. Please contact me if you have any questions or are interested in additional information.

Sincerely,



Sarah M. Taheri  
Regulatory Affairs Manager

Attachment: SDG&E Responses to Staff Questions on Inclusive Utility Investment Report

# SDG&E Responses to CEC Request for Information on Inclusive Utility Investment Report

## Introduction

The California Public Utilities Commission (CPUC) initiated Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers (R.20-08-022) whereby electrical corporations, community choice aggregators and other eligible entities have submitted proposals and comments on multiple types of financing options, including those that would serve residential customers through Tariff On-Bill (TOB) programs, also known as Inclusive Utility Investment (IUI). On August 10, 2023, the CPUC approved Decision (D.) 23-08-026 which orders the four Investor-Owned Utilities (IOUs) and Silicon Valley Clean Energy Authority to form a Tariff On-Bill (TOB) Working Group and file a joint proposal for consideration by the CPUC by May next year.<sup>1</sup> The purpose of the TOB working group would be to develop a joint proposal that would address not only the Decision questions related to eligible technology types, targeted customer groups, consumer protection, program implementation and funding options but can also address the questions raised in this Request for Information. SDG&E encourages the CEC to participate and/or monitor the TOB working group, as the questions laid out in this Request for Information can be addressed therein. The CEC's participation in the TOB working group would be an efficient process for the CEC to address its questions and provide information that the CEC can use to develop its report to the Legislature on or before December 31, 2023.

SDG&E is in the process of assessing Tariff On-Bill (TOB) and Inclusive Utility Investment (IUI) options in alignment with the objectives of this RFI to evaluate feasible ways to expand customer access to electrification solutions in the most affordable ways. Note that the responses to this RFI reflect early-stage analysis as the assessment of the TOB and IUI approaches are ongoing.

## Input Request

- 1. What barriers (such as statutory, regulatory, or financial barriers) do electrical corporations, community choice aggregators, and other eligible entities face in accessing state and federal financing for IUI?**

One of the primary challenges for an Inclusive Utility Investment (IUI) or Tariff On Bill (TOB) program is the availability of funding. Historically, these types of programs have relied upon utility ratepayer funds, such as Public Purpose Program funds, which add pressure to all ratepayer bills. To help alleviate upward pressure on energy bills, SDG&E agrees that a non-ratepayer financing pool for customers to use to purchase eligible appliances or equipment should be available as an alternative source.

Senate Bill (SB) 1112 provides for potential sources for such a financing pool. SB 1112 section 1(b) states:<sup>2</sup>

---

<sup>1</sup> D.23-08-026, "Decision on Clean Energy Financing Proposals", approved August 10, 2023 and issued on August 18, 2023; available at:

[docs.cpuc.ca.gov/PublishedDocs/Published/G000/M517/K717/517717993.PDF](https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M517/K717/517717993.PDF).

<sup>2</sup> The text of SB 1112 is available here: [SB-1112 Energy: building decarbonization: notice and recordation of a decarbonization charge](#).

- 1) On or before December 31, 2023, the commission, in coordination with the Governor's Office of Business and Economic Development, the Public Utilities Commission, and the Treasurer, shall do all of the following:
  - A. Identify available state and federal financing or investment solutions.
  - B. Apply for federal financing or investment solutions, where applicable.
  - C. Provide technical assistance to electrical corporations, community choice aggregators, or other eligible entities to apply for state and federal financing or investment solutions.
- 2) The commission may consult with the United States Department of Energy regarding the identification of federal financing or investment solutions, pursuant to paragraph (1).
- 3) To maximize the state's access to federal financing or investment solutions, pursuant to paragraph (1), the commission may do any of the following:
  - A. Identify the authority of the Treasurer to administer financing or investment solutions, and to identify programs administered by the Treasurer that provide financing or investment solutions.
  - B. Identify funding appropriated in the Budget Act of 2022 that enables or otherwise impacts the availability of federal funding for financing or investment solutions.
  - C. Identify state programs, authorizations, and administrative actions that enable, or could enable, access to federal funding for financing or investment solutions, including, but not limited to, Public Utilities Commission Rulemaking 20-08-022 (Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers), filed August 27, 2020.

The identification of solutions to overcome barriers to accessing state and federal financing for energy program financing is an ongoing exercise at SDG&E. Initial assessments have observed challenges that come with adapting the currently mandated IOU-administered energy programs to take best advantage of state and federal funding, which may include adjusting budgets, data collection, special contracting requirements and reporting requirements.

The CPUC is open to using non-ratepayer funding to support clean energy programs, as noted in D.23-08-026, which encourages the IOUs to identify and pursue non-ratepayer funding streams from federal and state sources for on-bill financing programs<sup>3</sup> and asks the TOB Working Group to recommend other funding sources, including government funds and private capital.<sup>4</sup> With the support of the CPUC, SDG&E looks forward to working with the CEC to develop the mechanics and requirements for applying for state and federal funding to finance the TOB or IUI joint proposal to be submitted to the CPUC early next year by the TOB working group. It is appropriate to use state and federal funds for this statewide program to ensure adequate funding for eligible customers. Note that the CPUC has provided a mechanism for appropriately tracking non-ratepayer funding.<sup>5</sup>

---

<sup>3</sup> D.23-08-026 Conclusion of Law (COL) 18, at 116.

<sup>4</sup> Id, at 79,

<sup>5</sup> Id, Ordering Paragraph (OP) 20, at 116.

Once the CPUC approves the TOB or IUI program, the utilities should be given priority for such state and/or federal funds, so that the program can be funded and open to customers expeditiously. The CPUC has also approved the balancing account mechanism by which the IOUs would manage, track and report on these state or federal funds.<sup>6</sup>

**2. What barriers do electrical corporations, community choice aggregators, and other eligible entities face in implementing and administering IUI programs?**

SDG&E's experience in financing programs is primarily from its commercial and local government on-bill financing program. SDG&E also participates and supports the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) implementation of CPUC pilot programs, e.g., On-bill Repayment and Go Green Financing programs. SDG&E, however, does not have current experience in implementing TOB or IUI programs. One of the primary considerations with any financing program, in addition to identifying sources of funding, is addressing defaults and non-payments. Who will cover these defaults? What is the consequence for default? What level of default is acceptable for residential customers? The utilities' residential arrearages are already extremely high post-COVID. Having this IUI charge on the bill would only potentially increase arrearages.

Additionally, SDG&E does not have the necessary infrastructure to implement a TOB or IUI program. Such infrastructure would include upgrades to its billing system to collect payments and incorporate appropriate rules and disconnection requirements. In addition, SDG&E will need to put in place the necessary billing and reporting infrastructure to comply with the noticing and recording of a decarbonization charge, which would include a TOB or IUI charge, to comply with SB 1112 § 2 and Public Utilities Code Chapter 4.6 § 8375. Separate funding will need to be authorized to build this infrastructure and program administration and management.

These are the primary barriers SDG&E can identify at this time, in addition to the funding source for IUI in response to the Question 1 above. However, the TOB Working Group (in coordination with the CEC) can help identify additional barriers and, more importantly, solutions to these barriers.

**3. Please provide information on available state and federal IUI programs and similar programs, if any. What are the lessons learned from these programs? What sources of funding do these programs use? Please provide relevant case studies, program results, reports, and participation data if possible.**

SDG&E is not aware of any IUI programs currently operating in California. However, the United States Environmental Protection Agency website on IUI provides excellent information on some of the questions raised here.<sup>7</sup>

**4. What technical assistance would be most beneficial to electrical corporations, community choice aggregators, and other eligible entities to access state and federal financing for IUI?**

SDG&E recommends that technical assistance in the following two areas would be helpful for accessing financing to support IUI:

---

<sup>6</sup> Id., Ordering Paragraph 19, at 111.

<sup>7</sup> [Inclusive Utility Investment | ENERGY STAR](#)

- a. Identifying processes for accessing specific state and federal funding for financing and/or loan pools
- b. Facilitating process and funding alignment between CPUC, CEC and other regulators involved in allocations for clean energy programs including financing

**5. What decarbonization measures are most appropriate for existing IUI programs? Are measures required to be cost effective? Should programs that access state or federal financing be required to ensure participants realize utility bill savings? What, if any, consumer protections are required to improve access to financing or investment solutions?**

SDG&E does not have specific recommendations in response to this question at this time. However, D.23-08-027 directs the utilities to file advice letters requesting approval for clean energy measures that would be eligible for the expanded on-bill financing that would be eligible also for a TOB program. In addition, the decision asks the TOB Working Group to identify qualifying technologies and methodologies for estimating the benefits.<sup>8</sup>

**6. What statutory changes are necessary to improve access to federal funding for financing or investment solutions?**

SDG&E does not have specific recommendations in response to this question at this time.

**7. Input on other topics welcomed.**

SDG&E does not have specific recommendations in response to this question at this time.

---

<sup>8</sup> D.23-08-026, at 76-77.