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PG&E Comments RE EBD Pre-Solicitation Workshop

Additional submitted attachment is included below.



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March 29, 2024

California Energy Commission
Docket Number 22-DECARB-03
715 P Street
Sacramento, CA 95814

RE: Pre-Solicitation Workshop for Equitable Building Decarbonization Direct Install Program

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on the California Energy Commission's (CEC) Pre-Solicitation Workshop for the Equitable Building Decarbonization Direct Install Program held on March 14, 2024. PG&E is supportive of both the program and the CEC's aim to provide funding for low-income residential building electrification to help advance the state's decarbonization goals.

In this letter we request consideration and clarity in a few key areas to further enhance the program's reach. In particular, PG&E reinforces the necessity of collaborating with the relevant utility in identifying the Community Focus Areas and requests that electric service costs typically paid for by customers be defined as eligible program costs. We also request clarification on both the enforcement of tenant protections and on project requirements in the absence of HOMES funding.

First, PG&E would like to underscore the importance of reviewing resources such as the CEC-Funded Benefit Cost Analysis of Targeted Electrification and Gas Decommissioning¹ report and working with the utilities to identify Initial Community Focus Areas. Doing so can help to identify target areas of the electric grid that may have adequate capacity or areas that have gas decommissioning opportunities. PG&E also encourages interested parties to begin utility coordination by contacting PG&E at electrification@pge.com.

Second, PG&E asserts that if the program implementers encounter unavoidable electric service upgrades, then the associated costs typically paid for by the customer should be considered an eligible program cost. Excluding utility-side service upgrades from program funding eligibility, particularly in a program intended to address equity, will result in some customers being unable to participate in this program.

Unfortunately, avoiding areas or projects that may need utility service upgrades may not always be feasible. For PG&E, distribution and service upgrade needs, and the associated cost responsibility, are determined by its Service Planning and Design teams upon submission of a service upgrade application

¹ [Benefit-Cost Analysis of Targeted Electrification and Gas Decommissioning in California \(ethree.com\)](https://www.ethree.com)

by the customer, or by the program implementer on behalf of the customer.² PG&E understands that utility-side service upgrades, when needed, can be costly for customers. Studies have shown that the customer cost responsibility can range up to \$30,000 or more³. In the San Joaquin Valley Disadvantaged Communities Electrification Pilot administered by PG&E from 2020-2023, households in disadvantaged communities were offered building electrification and energy efficiency measures like those envisioned for the EBD Program. In that pilot, costs for electrical service upgrades normally billed to the end-use customer were paid for through the pilot budget, but it was noted that absent similar funding, these costs may present an insurmountable barrier to low-income customers considering home electrification⁴.

Third, PG&E would also like to request clarification regarding the enforcement of tenant protections.

Task 5.11, Program Participation Agreements and Tenant Protections, refers to US Department of Energy (DOE) Program Requirements for Low-Income Homes which specify that ‘for at least two years following the receipt of the rebate’ the owner agrees to several provisions.⁵ The program guidelines describe specific tenant protections that will be included in the program participation agreements prepared by the CEC. PG&E requests clarification whether the program participation agreements will include clear ‘enforcement and penalties’ that are sufficient to meet the DOE guidelines, and who will be the responsible party for enforcement.

Finally, PG&E requests clarification on the program and project requirements in the absence of HOMES funding. The Draft Solicitation Manual indicates that, if approved by the DOE, an additional \$292M of federal HOMES funding will be allocated to the EBD Direct Install Program. Throughout the solicitation and program documents there are references to requirements necessary if HOMES funding is applied to the project. For example:

- Page 19 of the Draft Solicitation Manual: “...program activities and projects funded by HOMES funding also comply with HOMES Program Guidance and the CEC’s application to DOE.”
- Page 20 of the Draft Solicitation Manual: “For this allocation of HOMES funds, CEC plans to utilize the Modeled Savings Approach as defined in the DOE HOMES Program Requirements & Application Instructions. For projects supported by HOMES funds... [followed by several listed requirements]”
- Page 22 (Task 5.10) of the Draft Scope of Work: “Identify whether the home is expected to receive HOMES funding prior to the home assessment.”

Given the impact on program and project requirements the inclusion of the HOMES funding would have, PG&E requests clarification on timing and confirmation of this funding source. PG&E requests that the CEC clarify whether it has an estimate of when DOE approval would be received and, if not approved, that the program’s associated HOMES project requirements will be removed.

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² Based upon Electric Rules 15 and 16 of Tariffs

³ Service Upgrades for Electrification Retrofits Study Final Report, NV5 (2022), accessible at: <https://pda.energydataweb.com/#!/documents/2635/view>

⁴ 2023 Annual Report of Pacific Gas and Electric Company (U 39M), Appendix A, p 31

⁵ https://energy.gov/sites/default/files/2023-07/Home_Energy_Rebates_Program_Requirements_and_Application_Instructions.pdf page 15.

PG&E appreciates the opportunity to comment on the CEC's Pre-Solicitation Workshop for the Equitable Building Decarb Direct Install Program and looks forward to continuing to collaborate with the CEC and program implementors.

Please reach out to me if you have any questions.

Sincerely,

Josh Harmon
State Agency Relations