

**DOCKETED**

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## **SCE Comments for BUILD Workshop**

Please see attachment.

*Additional submitted attachment is included below.*

June 29, 2020

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 20-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. 20-DECARB-01: Joint Agency Workshop – Building Initiative for Low-Emissions Development

Dear Commissioners:

On June 15, 2020, the California Energy Commission (CEC) and the California Public Utilities Commission (CPUC) hosted a joint workshop to discuss and solicit feedback on staff's current planning for the Building Initiative for Low-Emissions Development (BUILD) Program, authorized by Senate Bill (SB) 1477 (Stern, Chapter 378, Statutes of 2018). Staff presented proposals for incentive structure, application process, eligibility criteria, bill savings methodology, technical assistance, and program evaluation.

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

**I. BUILD Program Should Be Simplified to Attract More Participants in an Equitable Manner**

SCE agrees with Commissioner McAllister's caution provided during the workshop to not "overengineer" the BUILD program. SCE strongly encourages reducing administrative complexity for program participants and believes that programmatic simplicity will facilitate a more equitable distribution of the benefits of the BUILD program. The following are some examples of how the BUILD program can be simplified to benefit all participants:

- Consider offering incentives for meeting the California Energy Code (Code), specifically in the already administratively burdened affordable housing market. The 2019 Residential New Construction Cost-Effectiveness Study indicates that all prototypical scenarios using the all-electric path, versus the mixed fuel path, save greenhouse gas (GHGs) emissions.<sup>1</sup> Incenting all-electric code-compliant homes would reduce GHG emissions and ensure that efficient electric equipment

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<sup>1</sup> Frontier Energy, Misti Bruceri & Associates, PG&E, 2019 Residential New Construction Cost-Effectiveness Study, available at: <https://localenergycodes.com/content/2019-local-energy-ordinances/>

is installed. Doing so would also significantly reduce the burden of the need to do additional modeling tasks in the affordable housing sector. This should not be considered “free-ridership” because the natural rate of adoption for all-electric low-rise multifamily new construction is currently less than 5%.<sup>2</sup> As an example, please see SCE’s Clean Energy Homes Pilot, filed in the 2021-2026 Energy Assistance Savings (ESA) Application.<sup>3</sup>

- Consider offering additional incentives for exceeding the Code, specifically for market-rate housing. The 2019 Residential New Construction Cost-Effectiveness Study (or the latest version), can be used to create a baseline for market-rate code-compliant new construction in terms of GHG metrics. Similar to the incentives in the California Advanced Homes Program, market-rate incentives can be determined on a project-by-project basis using margin of compliance, based on GHG emissions rather than kWh. The margin of GHG compliance can be demonstrated through any energy modeling tool approved for use with the 2019 Building Energy Efficiency Standards<sup>4</sup> (or later CEC-approved standards) and verified by the program administrator.
- Consider optional kicker incentives for technologies that exceed base program requirements, such as induction cooking ranges and cooktops and heat pump clothes dryers. These appliances are not typically included in building energy modeling but do result in GHG emissions reductions and improved energy efficiency.
- Consider upfront technical design and program application assistance as an option for all projects, not only to help meet and exceed emissions-saving targets, but also to help evaluate rate options and help validate that there are no negative bill impacts from building electrification. Calculations for affordable housing developments should use the latest California Utility Allowance Calculator (CUAC) in order to reduce any additional administrative burden. Considering the significant impacts of escalating rates<sup>5</sup>, savings should be calculated on an annual basis for the expected life of the building.
- Consider having the BUILD program provide support for online program participation, such as application forms, technical resources, frequently asked

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<sup>2</sup> California Energy Commission, Home Energy Rating System Program, available at

<https://www.energy.ca.gov/programs-and-topics/programs/home-energy-rating-system-hers-program>

<sup>3</sup> A.19-11-004, Application of Southern California Edison for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2021-2026, November 4, 2019, available at: <https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=319128730>

<sup>4</sup> CEC, 2019 Building Energy Efficiency Standards Approved Computer Compliance Programs, available at: <https://www.energy.ca.gov/programs-and-topics/programs/building-energy-efficiency-standards/2019-building-energy-efficiency-2>

<sup>5</sup> CEC, The Challenge of Retail Gas in California’s Low-Carbon Future, available: <https://ww2.energy.ca.gov/2019publications/CEC-500-2019-055/index.html>

questions (FAQs), applicable rate options, explanation of the application, and payment process, etc. In addition, the BUILD program should be required to provide “high-touch” technical and program support assistance with a field staff to provide one-on-one assistance to production home builders. This would potentially include training on how a builder could apply for future projects online.

- Consider having both a “simplified” approach and a “comprehensive” approach to program participation. The simplified approach would require less data from the applicant and would be based upon conservation assumptions for typical home configurations. The comprehensive approach would allow for more detailed data to be provided that may include energy/GHG models and other pertinent information. This would allow a simple streamlined point of entry for program participation for most builders, while also allowing builders who are more willing to expend greater efforts to document their more comprehensive electrification approaches to receive higher levels of incentives.
- Consider coordinating the BUILD program launch with other residential new construction programs to reduce market confusion. This should not only include incentive layering issues, but also timing, eligibility, administrative requirements, post-construction verification, data requirements, etc.

## **II. SCE Recommends Clarifications on Eligibility**

- **Eligible Projects:** The program should be clarified to state that eligible projects cannot be served by natural gas-fueled equipment such as central domestic water heating or central space heating systems that may be in another building or outdoors.
- **Eligible Technologies:** Consider removing the table on slide 30 of the workshop presentation or state that the individual technology energy efficiency requirements should not exceed the requirements of Title 24.
- **Eligible Fuels:** SCE requests clarification on the use of propane or other unregulated fuels. SCE believes there may be a role for localized propane for individual pieces of equipment, to the extent that it eliminates the use of natural gas on the premises, as long as it does not negatively impact energy bills.

## **III. Responses to Specific Requests for Feedback**

SCE provides the following responses to presenters who requested feedback on the questions below:

- **What utility rates should be used?** For electricity, use a time-of-use rate as this offers greater benefits for distributed energy resources (i.e., PV and batteries) with “flexible demand” control<sup>6</sup> as envisioned by SB 49.
- **What should the baseline be for new construction?** According to the CPUC Decision on the Building Decarbonization Pilots, “the standard practice, or reference baseline for residential new buildings shall be assumed to be a building built for dual fuel usage for both the BUILD Program and the TECH Initiative until at least the 2022 California Energy Code becomes effective. After this date, the CEC, in consultation with the program evaluator, may propose a different baseline in its biennial implementation plan.”<sup>7</sup>
- **What additional evaluation metrics should there be?** The CEC’s recent work on the hourly-source-energy methodology can be easily converted to hourly-source-GHG which can be applied to typical energy sources, such as electricity, natural gas, and propane, considered by the CEC for regulating Title 24, Part 6.
- **How should the joint agencies incorporate/account for other available incentives?** Incentive layering should be informed by the outcome of the June 30, 2020 CPUC Building Decarbonization Incentive Layering Public Workshop, as evidenced by a CPUC decision, ruling, or other order.
- **What type of technical assistance will benefit the program?** Customers should have the option of applying online or receiving a higher touch if needed. This may be likened to the example of purchasing a Tesla, where savvy customers can order online, and those who prefer a higher level of assistance have the option to work with a program administrator one-on-one. The intent of technical assistance is to educate customers to eventually move towards the online self-service model, in line with the goal of market transformation.

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<sup>6</sup> Title 24, Part 6, Joint Appendix 5, 12, and 13 require various types of controllers that could enable the “flexible demand.”

<sup>7</sup> Decision 20.03-027, Decision Establishing Building Decarbonization Pilot Programs, Ordering Paragraph 15, P.110, available at: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M331/K772/331772660.PDF>

**IV. Conclusion**

SCE thanks the CEC and the CPUC for consideration of the above comments and looks forward to continuing its partnership with stakeholders in the development of the BUILD Program. Please do not hesitate to contact me at (415) 929-5518 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

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Dawn Anaiscourt