

DOCKETED

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California Energy Commission
Chair David Hochschild
Commissioner Andrew McAllister
Efficiency Division - Buildings Energy Efficiency Standards Program
Docket No 19-BSTD-03
1516 9th Street
Sacramento, CA 95814-5512

Re: 2022 Building Energy Efficiency Standards (Title 24, Part 6)

Dear Chairman Hochschild and Commissioner McAllister:

Pacific Gas and Electric Company (PG&E) is proud to provide electric and natural gas service to our customers. And we are committed to helping customers, the community and the State achieve their energy goals. As part of this commitment, PG&E welcomes the opportunity to support the California Energy Commission's (CEC) efforts to advance efficient, all-electric new construction, when it is feasible and cost-effective, through the forthcoming rulemaking for the 2022 iteration of California's Energy Code (Title 24, Part 6).

PG&E strongly supports California's climate and clean air goals. We recognize that achieving these goals require a range of approaches and tools, including increasing the use of energy-efficient electric appliances in buildings when cost-effective.

PG&E supports the steps taken in the Express Terms for the 2022 Energy Code that incentivizes electrification in new buildings, including the adjustment to the reference system used by the compliance software to a heat pump for either space or water heating, and those measures intended to protect Indoor Air Quality (IAQ). PG&E strongly supports the implementation and enforcement of codes and standards in all buildings, including single family homes, that ensure the proper kitchen ventilation (e.g., vented range hoods, vented downdraft exhaust, continuous kitchen exhaust) needed to mitigate the negative impacts of cooking appliances on IAQ. As California's Energy Code continues to include ventilation requirements (including kitchen ventilation) for new construction and additions to mitigate the lower envelope leakage rates resulting from advanced building envelope requirements, PG&E supports continued research to further understand the IAQ impacts of cooking and to identify opportunities to mitigate cooking pollutants in existing buildings.

PG&E welcomes the opportunity to avoid investments in new gas assets that might later prove underutilized as local governments and the state work together to realize long-term decarbonization objectives. Designers of buildings and new housing communities that avoid the installation of new gas infrastructure will benefit from the pathways in the 2022 Express Terms that facilitate and encourage code compliant all-electric new construction. Expanding the existing system incurs costs, some of which are recovered from all gas customers over decades. Gas infrastructure installed today may be underutilized or unused in California's decarbonized future. All-electric new construction promotes customer affordability and reduces stranded asset risk. Therefore PG&E is hopeful that the electric-readiness requirements, such as including electric receptacles at the dryer and cooktop locations, of a dual-fuel residential building is enough to encourage developers to not build dual-fuel residential new construction when it is cost effective to build all-electric.

PG&E also appreciates the modifications to the 2022 Express Terms which provide more flexibility to enable community solar resources to meet the solar compliance requirements. However, PG&E is concerned that the opt-out provision in the community solar compliance option substantially increases the risk of participant attrition. PG&E strongly supports the community solar option and is concerned that the opt-out risk may be too great to enable a community solar program to succeed. PG&E also supports the 2022 California Energy Code requirement for solar photovoltaic (PV) when paired with on-site storage. We also expressed some concerns regarding cost-shifting in a letter submitted to the CEC docket (number 19-BSTD-03) on December 24, 2020.

In support of the many local jurisdictions that are pursuing climate action goals through ordinances that extend beyond the state's Energy Code requirements, PG&E encourages the CEC to develop a cost-effective all-electric tier to compliment the advancements in the Energy Code (Title 24, Part 6) for the voluntary sections of the Green Building Standards Code (Title 24, Part 11). PG&E also strongly encourages the Building Standards Commission to adopt this option.

PG&E also supports and encourages investment in the supporting code compliance and enforcement resources, as well as workforce support, that will be needed to implement the requirements in the forthcoming 2022 Energy Code and to transition to a decarbonized economy. PG&E is investing in Compliance Improvement and Workforce Education & Training options to prepare the market for the new and changing technologies that will be employed in low-carbon buildings.

Beyond new construction, PG&E believes a multi-faceted approach is needed to cost-effectively achieve California's broader economy-wide long-term greenhouse gasses (GHG) reduction objectives, including both electrification and decarbonizing the gas system with renewable natural gas and hydrogen. As California's decarbonization policies evolve, PG&E will continue to ensure the safe and reliable operation of the electric and gas systems to continue supporting the customers that depend on us.

It is important to consider the future of California's natural gas system and the impacts on customers that rely upon it as the state pursues electrification as a means of achieving its GHG reduction objectives. As noted by Gridworks in their reports on *California's Gas System in Transition*, "without active planning and management, the combination of reduced gas usage, increased costs, and a declining customer base will result in exponentially higher gas rates, along with a disproportionate burden on customers unable to afford to implement electrified technologies." To avoid these unintended consequences, "a gas transition strategy must maintain affordable gas

rates by decreasing system costs while increasing non-ratepayer revenue streams to avoid stranded gas system costs.”¹

PG&E shares the concern expressed in the Gridworks reports, and that is noted in the letter from the Coalition of California Utility Employees, that gas rates will rise in the future as buildings are electrified and gas consumption declines, while the miles of pipeline requiring investment and maintenance does not diminish. This is a difficult challenge, and PG&E appreciates that the CPUC has an active proceeding addressing the transition path for the gas business. PG&E is actively participating in that proceeding. The CEC’s proposed code takes appropriate action now to encourage construction of all-electric new buildings, thereby avoiding installation of new gas infrastructure which would serve very low volumes of gas to new buildings but would still require ongoing maintenance and investment. While it may take some time to address the transition path for existing building, including a just transition for the workforce, the CEC’s action in this code cycle will assist the transition by discouraging installation of new, low-volume gas pipeline going forward.

PG&E appreciates the opportunity to comment and support the CEC during its triennial rulemaking process, including through our role as statewide leads for the Codes & Standards program. Participating in the rulemaking process and utilizing the time between code adoption and the effective date, allows us to prepare for the future and continue providing the best service possible to customers. PG&E continuously forecasts load in its service territory and implements upgrades to the distribution grid to meet the demand. PG&E fully expects to meet the needs that all-electric buildings will require. PG&E remains ready to engage with our customers, local government, businesses, and community members to meet their needs safely, reliably, affordably, and with clean energy.

On behalf of PG&E, I look forward to continuing to work with the CEC to accomplish its policy goals.

Sincerely,



Robert S. Kenney
Vice President

cc: Mark Krausse, Director State Agency Relations, PG&E
Alice Reynolds, Advisor to Governor Newsom
Jared Blumenfeld, Secretary, California Environmental Protection Agency
Wade Crowfoot, Secretary, California Natural Resources Agency
Liane Randolph, Chair, California Air Resources Board
Gustavo Velasquez, Director, Department of Housing and Community Development
David Cavier, Acting Director, California Housing Finance Authority

¹ See Gridworks (2019), [California’s Gas System in Transition](#), and Gridworks (2021), [Gas Resource and Infrastructure Planning for California](#).