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Response to CEC RFI on the Equitable Building Decarbonization Program (Docket # 22-DECARB-03)

Additional submitted attachment is included below.

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January 20, 2023

California Energy Commission
Docket Unit, MS-4
Docket No. 22-DECARB-03
715 P Street
Sacramento, CA 95814

RE: SDG&E Response to Request for Information on the Equitable Building Decarbonization Program (Docket No. 22-DECARB-03)

San Diego Gas & Electric Company ("SDG&E") appreciates the opportunity to provide feedback in response to the California Energy Commission ("CEC") Request for Information ("RFI") on the Equitable Building Decarbonization Program, issued on December 9, 2022. SDG&E also thanks Commission staff for extending the deadline to provide comments in response to the RFI; the additional time was valuable for developing thoughtful responses that could help the CEC by providing additional resources and references that may assist with the development of the Equitable Building Decarbonization Program.

SDG&E agrees with the CEC and the State that building decarbonization will be an important tool to support the achievement of our shared carbon neutrality goals. In April 2022, SDG&E released *The Path to Net Zero: A Decarbonization Roadmap for California* report ("P2NZ"): the first publicly available analysis to use the industry standard for electric reliability and industry-specific modeling tools to model how to decarbonize California through 2045.[1] The report highlights the importance of decarbonizing buildings, particularly the electrification of space and water heating. While the P2NZ Roadmap recommends a substantial role for electrification, it also acknowledges that replacing gas appliances with electric ones can be challenging in many circumstances. In older homes and some multifamily buildings, substituting a gas appliance with an electric one may require updates to wiring, panels and other electrical and space heating infrastructure — an expense and time delay that not all customers can bear. More than half of homes in San Diego County were built in 1979 or earlier, which may require more significant upgrades. This may present equity and affordability concerns, as lower-income residents are more likely to live in older homes which may not be

[1] More information on *The Path to Net Zero: A Decarbonization Roadmap for California* is available at https://www.sdge.com/netzero.

able to support electrification without significant upgrades. This underscores the importance of well-designed, publicly funded incentive programs (like those being proposed for the CEC's Equitable Building Decarbonization Program) in encouraging consumer adoption of electric appliances and ensuring that homes in California are ready for electrification.

Given SDG&E's commitment to carbon neutrality, we are excited about the opportunities provided by the Equitable Building Decarbonization Program and seek to call your attention to three points concerning the design of the program.

I. **The investor-owned utilities ("IOUs") can make significant contributions toward the successful design and implementation of the Equitable Building Decarbonization Program and should be eligible for consideration as third-party administrators**. The IOUs bring significant experience in developing, administering, and implementing programs that serve the needs of our customers. Utilities are uniquely situated with existing customer relationships and interactions with other stakeholders that have an important role in delivering effective programs to our communities (such as community-based organizations, contractors, etc.). The CEC should consider this as it scopes the types of stakeholders that may be eligible to serve as third party administrators for the Equitable Building Decarbonization Program.

II. **Utilizing existing program structures streamlines process, reduces program start-up costs, and allows for faster delivery of programs—providing more immediate benefits to customers and the environment.** Injecting additional funding from the CEC's Equitable Building Decarbonization Program could increase the impact and reach of existing programs. These additional funds could be used to help fill gaps or address barriers to participation in existing programs (such as by providing funding for additional measures) and could allow these programs to support more customers overall.

III. **The CEC should consider whether the Statewide Incentive Program could have a role in providing needed support to promote equity for small businesses in under-resourced communities.** The State's policies, goals and forecasts assume significant implementation of electric and fuel-substitution technologies for both residential *and commercial* buildings to reach targets by 2030 and 2045. This was acknowledged, to a certain extent, in CEC staff's presentation during the December 13 workshop on the Program, which noted significant differences in electricity and natural gas consumption in commercial buildings and differentiated the Statewide Incentive Program from the Direct Install Program's requirement of supporting residential customers (as no such requirement is outlined for the Statewide Incentive Program).[2]

Non-residential buildings make up a substantial portion of natural gas usage and emissions. Further, many of these businesses are small, located in disadvantaged communities, and have had limited participation in programs for energy efficiency or other clean energy upgrades. The California Public Utilities Commission's (CPUC) 2021 Potential and Goals Study shows that water and space heating are the two natural gas

[2] See Presentation 1A EBD Workshop 2022-12-13 – CEC at p. 4, 6-7 (https://efiling.energy.ca.gov/GetDocument.aspx?tn=248083&DocumentContentId=82396)

end-uses with the highest potential for replacement with heat pump technology for business customers.[3]

SDG&E agrees that additional, publicly funded incentives and programs are needed to support residential customers in their energy transitions. However, electrifying commercial buildings will be similarly important to achieving our policy goals. More support is needed to engage owners of small businesses[4] in upgrading energy technologies and increasing efficiency to reduce greenhouse gas (GHG) emissions.

If the Statewide Incentive Program is not an appropriate source of funds to support building decarbonization measures in small businesses located in underserved communities, SDG&E would welcome the opportunity for further discussion on this issue. Moreover, SDG&E encourages the CEC to consult stakeholders to identify other potential pathways for mobilizing public funding to support decarbonization of this key sector.

Conclusion

SDG&E's responses to several of the specific questions posed in the RFI are included as an attachment to this letter. While the information we provide is not an exhaustive list, nor does it respond to every question the CEC poses, it includes information based on our experience in designing, managing, and administering a broad portfolio of customer programs that align with the goals of the Equitable Building Decarbonization Program.[5]

Thank you for your consideration of SDG&E's comments. Please do not hesitate to contact me or SDG&E Regulatory Affairs Manager Sarah Taheri (staheri@sdge.com or (916) 708-7409) should you have any questions or wish to discuss our comments in greater detail. We look forward to continuing to work with the Commission and its staff on successful implementation of the Equitable Building Decarbonization Program.

Sincerely,

/s/ Hollie Bierman

Hollie Bierman
Director, Customer Programs

Attachment: SDG&E Responses to Questions Posed in the RFI

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[3] The 2021 Energy Efficiency Potential & Goals Study data is available at https://file.ac/56AkVk-48hU/.
[4] Within the utility context, "small businesses" usually refers to businesses whose maximum monthly demand is less than 20kW per month. *See, e.g.,* Small Commercial and Industrial Rates | San Diego Gas & Electric (sdge.com).
[5] For additional information about SDG&E's incentives, financing, and program offerings, visit https://www.sdge.com.

Attachment
San Diego Gas & Electric Company
Responses to Questions Posed in CEC Request for Information
on the Equitable Building Decarbonization Program

The following are SDG&E's responses to selected questions.

Direct Install Program Criteria

1) Program criteria used to prioritize and score proposals will need to be both flexible enough to meet the needs of the different regions of the state and sufficiently uniform to establish appropriate baselines and metrics for implementation.

   a. What criteria should be weighed more heavily or prioritized when scoring program proposals?

      SDG&E Response: The criteria used to score program proposals should weigh heavily in favor of comprehensive proposals tailored to the needs of low- and moderate-income participants. Specifically, programs must employ methods to attract participation from these residents. The program implementer should propose methods for overcoming the split incentive barrier (landlord/tenant) as many low- and moderate-income customers rent, not own.[6] Additionally, the program must include processes and methodologies to calculate estimates of future utility bills, given the likely resulting increase in the home's electric usage. The low and moderate-income customer sector is very sensitive to small increases in utility bills.

      The following are additional proposed criteria for implementer selection:

      - Experience in working with low and moderate-income households and customers;
      - Use of a local workforce in place to deliver program, with shorter ramp-up, availability to support the program, and understanding of the customer base, neighborhood characteristics and construction types;
      - Existing relationships with community-based organizations to garner support and respect residents' needs;
      - Experience in transitioning residential technologies safely from gas to electric;
      - Ability to operate as a "one-stop-shop" allowing the customer to swap out gas for electric technologies on customer premise, and facilitate the provision of available incentives for customers to minimize out of pocket spend and effort;
      - Experience with handling confidential and/or sensitive information, including personally identifiable information; ability to safely manage and store data in a way that protects the release of such information, and;
      - Competitive pricing

[6] *See* Homeownership Trends in California - Public Policy Institute of California (ppic.org), June 14, 2022.

b. The CEC plans to require the use of meter data and analytical-based tools to prioritize and target participant households and measures through the lens of greenhouse gas (GHG) emissions, energy usage, and bill impacts. Should the CEC require all proposals to include independent, data-driven targeting of participants and eligible measures, or should the CEC itself contract to provide a single, program-wide tool to target participants and eligible measures that program administrators would be required to use?

   SDG&E Response: It is reasonable for the CEC to contract for a single, program-wide tool to target participants and eligible measures. Having one program-wide tool would provide consistent criteria to target customers for customer eligibility transparency, particularly if the CEC is considering the use of several different implementers as described in 5a below. Contracting for a single, program-wide tool also provides participants, stakeholders, local governments and implementers with greater transparency. Furthermore, the tool could be used statewide for other decarbonization programs and would provide consistent results. Since the CEC will own the tool, it can easily be deployed and used by different statewide entities, including IOUs, publicly owned utilities (POUs), and other administrators implementing decarbonization programs.

c. Should low-income and moderate-income households be incentivized at different levels? If so, how should that be approached?

   SDG&E Response: It is a simpler program design and more attractive to offer no-cost direct installations. However, the tradeoff for this design may mean lower overall program participation, as each project may cost more. Therefore, an important policy consideration for the CEC is to determine if it is seeking deeper emissions reductions for a smaller number of customers or broader emissions reductions for many customers. If the goal is to have high participation numbers across the state, it may be more sustainable to fully subsidize measures and installation for lower income residents and require some financial participation from moderate income residents. Determining the appropriate co-pay level is key, as the program must remain affordable for all customers. It is worth considering some financing models and options for moderate income customers that reduce upfront costs through low to no interest loans. The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) GoGreen programs may be a good model to consider.[7]

   Additionally, the CEC should consider how best to incentivize landlord participation, given the comparatively low levels of homeownership in low-to moderate-income communities in California.[8] In addition to this RFI, the CEC should consider conducting interviews and workshops with community-based organizations, who can further direct program implementers about the needs of their communities and drive enrollment and participation, and may be able to help identify appropriate co-pay amounts.

[7] *See* About Us | GoGreen Financing

[8] *See* Homeownership Trends in California - Public Policy Institute of California (ppic.org), June 14, 2022.

2) To optimize program funds, CEC may offer preference for proposals that layer incentives or leverage other programs.

a. What best practices, program elements, or state actions would facilitate layering or leveraging different program offerings?

SDG&E Response: Incentive layering with other programs that support the same technologies is vital to the success of any program. However, since other programs are offered by different program administrators with different program participation rules and funding sources, it is important to be aware of the rules and funding availability. For example, the Technology and Equipment for Clean Heating (TECH) program authorized by the California Public Utilities Commission (CPUC) is intended to provide incentives layered with other CPUC programs, such as the CPUC's long running Self-Generation Incentive Program (SGIP). Another opportunity for incentive layering and leveraging of existing programs is available through financing programs and opportunities such as those offered by CAEATFA.

A one-stop approach should be considered, as this would simplify the customer's decarbonization/electrification experience. The California IOUs have significant experience in this area as they are experts on various programs and incentive availability. The IOUs are also working to consolidate applications and simplify processes for low-income customers to apply for energy efficiency and assistance programs. In CPUC Energy Savings Assistance (ESA) Program Decision 21-06-015, the CPUC directed the IOUs to develop a universal application system (UAS). The IOUs conducted a workshop to discuss how to increase and improve referral, leveraging and coordination efforts of ESA programs with other clean energy programs.[9] Based on these directives and discussions, Senate Bill (SB) 1208 was established. SB 1208 also requires the CPUC, in coordination and consultation with the Department of Community Services and Development and other relevant state agencies that provide low-income electric or gas utility customer assistance programs, to develop a process that enables customers to concurrently apply, or begin to apply, to multiple low-income customer assistance programs.[10]

b. Should layering or leveraging other programs be a requirement for proposals or a prioritization when scoring proposals?

SDG&E Response: Proposals should disclose whether the program implementer plans to leverage incentive layering and rebate programs. However, as stated in 2a above, the program implementer will not be able to guarantee incentive layering or leveraging. Changes to program funding, availability and eligibility are frequent. Therefore, it is important for the implementer to explain, both to the CEC and to participants, how program coordination procedures will work, and demonstrate their adaptability if proposed incentive layering or rebates are not available. SDG&E also provided a

[9] A summary of the workshop can be found in SDG&E's Advice Letter 4624-E which was jointly filed with PG&E, SCE and SoCalGas.

[10] Senate Bill 1208 (Hueso, 2022) as codified in California Public Utilities Code §731.

recommendation for a one-stop shop approach or UAS consideration in 2)a above that could provide a more concrete and more effective means to leverage and accomplish incentive layering with other clean energy programs.

3) The inclusion of both low-income and moderate-income households allows flexibility for proposals that want to electrify specific neighborhoods or communities.

a. What program elements, geographic targeting, or state actions would facilitate this approach?

SDG&E Response: Proposals and programs that focus on specific neighborhoods and communities is a reasonable approach and will likely result in more effective program targeting, and there are success stories in CA of efforts that leverage this approach (i.e., San Joaquin Valley Pilots). Focusing outreach efforts in partnership with credible local community based organizations (CBOs) can enhance program communications, and design elements can account for unique aspects of buildings, climate zones, and existing related efforts. Targeting by climate zone would help predict which technologies would be most cost-effective based on avoided cost calculation and rate structures. Further geographic targeting would enable evaluation of electric circuit needs and how to account for existing natural gas infrastructure – as well as package program elements to the degree there is consistent building type, vintage and therefore non-energy upgrades that need to be considered. While CalEnviroScreen provides a standardized method for prioritizing disadvantaged communities, there are also ongoing efforts to identify supplemental criteria for climate equity using other methods, such as the Areas of Affordability analysis identified in the CPUC's Annual Affordability Report.[11]

Direct Install Third-Party Implementers and Solicitation Scoring

4) AB 209 defines "third-party implementer" as "non-commission staff under contract to the commission who propose, design, implement or deliver Equitable Building Decarbonization Program activities." Proposals from third-party implementers that include at least one community-based organization and employ workers from local communities shall be prioritized.

a. How should the CEC segment the state for a multiple-implementer solicitation (e.g., by climate assessment regions, climate zone, groupings of air districts, counties, etc.)? Are there other ways to segment the state to provide geographic diversity and advance equity?

SDG&E Response: It is reasonable to segment the state with an emphasis on localized regions that can leverage credible community-based organizations (CBOs) and can address common needs (building types, vintages), common experiences with energy programs, and common energy economics. If the CEC is looking for broader segmentation, an example could be the CPUC approach to the low-income Energy Savings Assistance Multifamily program was to divide the state into two major areas, North (PG&E service territory) and South (SDG&E, SoCalGas and SCE service

[11] 2020 Annual Affordability Report, October 2022, at 35-37.

territories).[12] The CEC could also decide to have more than 2 implementers and provide for more localized regions/communities. If the CEC considers more than 2 implementers, it will be critical to establish the geographic scope of each implementer to reduce duplication of efforts in overlapping territories and potential customer confusion.

b. What opportunities for workforce development should be considered, encouraged, or leveraged?

SDG&E Response: The CEC or its implementers should explore the feasibility of coordinating with other existing job training programs, centers, or community colleges to target workforce, education and training efforts, particularly towards low-income areas and disadvantaged communities. In addition, programs should facilitate the hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as develop any new metrics to track these efforts. Contractors that participate in certain training modules could receive a green certification that could be used with program participants to ensure them of the quality of the work performed. Last, training should be offered online whenever feasible to reduce costs for contractors and apprentices and increase training availability across the state. Examples of existing programs are the CPUC's Statewide Career and Workforce Readiness program and other IOU Workforce Education & Training (WE&T) programs, which provide these types of services to disadvantaged workers.

c. Should maximum incentives – at building, unit, and/or region – be established? If yes, at what level(s)?

SDG&E Response: If, as the CEC has directed, the program will utilize a direct install approach, in which the program would pay for implementation of selected measures, then the concept of "maximum incentive" would not apply. Instead, such proposal should provide their cost to procure the units required to service customers. In such circumstance, the implementer would be responsible for working at the wholesale level with manufacturers or distributors to source the least cost qualified appliances. The implementer would be responsible for fulfillment costs associated with warehousing the appliances so that the units are available for immediate installation with minimized waiting time and inconvenience for the customer, including lost time from work.

5) Preference for participation in the direct install program shall be given "where the building meets one or more of the following criteria: (1) the building is located in an under-resourced community; (2) the building is owned or managed by a California Native American Tribe or a California Tribal organization; (3) the building is owned by a member of a California Native American Tribe."

a. How can the CEC best facilitate awareness for residents and building owners within under-resourced communities to encourage program participation?

[12] D.21-06-015 at 355.

SDG&E Response: As noted in the response to Question 3(a), the CEC can best facilitate awareness for residents and building owners in under resources communities by working with community-based organizations located in those areas. Partner organizations know their communities best and should lead the effort in this initiative that will improve the health and quality of life of their residents. This will further garner trust amongst residents and support strong program participation. Furthermore, it is important that community-based organizations are treated as equal partners and appropriately compensated for this work.

b. Are there any unique considerations that should be taken into account when developing program criteria or reviewing proposals for decarbonizing homes on Tribal lands?

SDG&E Response: Yes; while some homes on Tribal lands within SDG&E service area do have gas meters, propane and electricity are the primary sources of energy within the tribal residential segment. This must be considered when developing program criteria on Tribal lands, as the measure needs and uses will be very different.

c. Should CEC issue a Tribal-only solicitation to fulfill items (2) and (3) more effectively?

SDG&E Response: SDG&E looks forward to working with Tribes in its service territory on building electrification and decarbonization. Tribal communities should be consulted directly to determine whether a Tribal-only solicitation would be most effective.

6) While designing the criteria and solicitations for the regional decarbonization programs, CEC is considering offering an initial phase of the Equitable Building Decarbonization Program to support or expand currently active decarbonization programs with established infrastructure and demand. These programs may be more limited in geographic scope or decarbonization activities than what is expected from the regional programs.

a. Should other currently active building decarbonization programs be allowed to compete for funding from the Equitable Building Decarbonization Program?

SDG&E Response: SDG&E agrees that it is reasonable to allow currently active building decarbonization programs to compete for funding from the CEC's Equitable Building Decarbonization Program. These existing programs have set budgets and limited funding that is not sufficient to meet customer demand. Support or expanding opportunities inside of existing programs would minimize lost opportunities, as these programs already have established customer bases, support, marketing, education and enrollment procedures. The CEC can work with the administrators and implementers of these programs to determine what reporting and tracking requirements it will need to account for AB 209 funds.

b. Should the CEC fund decarbonization programs that have existing infrastructure in an initial phase to allow for the Program to quickly decarbonize homes and provide benefits to residents?

SDG&E Response: Please refer to response to question 6a above.

Direct Install Eligible Equipment and Measures

7) The statutory direction on eligible measures is broad: "Projects eligible to be funded through the direct install program include installation of energy efficient electric appliances, energy efficient measures, demand flexibility measures, wiring and panel upgrades, building infrastructure upgrades, efficient air conditioning systems, ceiling fans, and other measures to protect against extreme heat, where appropriate, and remediation and safety measures to facilitate the installation of new equipment." The CEC plans to require the use of meter data driven analytical tools to inform what measures should be prioritized based on GHG reduction, energy reduction, and bill impacts.

   a. What specific equipment and measures should be prioritized?

      SDG&E Response: Heat pump water and space heating measures should be the top priority because of their energy efficiency and GHG-reducing capabilities. The promotion of these measures, in coordination with appropriate contractor and installation training, would have a significant impact on decarbonization goals. Additionally, SDG&E believes the CEC should prioritize the installation of smart panels (which manage energy use amongst multiple electric appliances, especially during peak usage) a top priority, as the installation of smart panels will facilitate the introduction of electric appliances throughout the home. In addition, participants should be strongly encouraged or required to install control devices that allow the residence to participate in demand response programs to manage the increase electric load and increase grid reliability and flexibility. These demand response programs also benefit the homeowner, as they can save money off their utility bill through their participation in these programs. Lastly, the CEC should consider whether the Equitable Building Decarbonization Program will include incentives for solar and battery storage, which can offset increased customer bills impacted by increased electricity use. This may be an opportunity for the CEC to collaborate or coordinate with the CPUC's Solar on Multifamily Affordable Housing (SOMAH) program to further incentivize the installation of solar and storage facilities for low-income renters and the CPUC's Self Generation Incentive Program (SGIP), which offers energy storage and heat pump incentives.[13]

   b. What, if any, equipment standards or certifications should be considered as requirements?

      SDG&E Response: All appliances must meet CA codes and standards (Title 20 and Title 24) requirements and meet low global warming potential (GWP) refrigerant requirements as defined by the CPUC.[14] Otherwise, SDG&E believes that equipment requirements should be determined by manufacturers and industry leaders.

   c. What unique equipment and measures should be considered for different building segments, i.e., existing single-family, multi-family, and mobile/manufactured homes?

[13] For more information on SGIP please go to https://www.selfgenca.com/.

[14] CPUC Decision 20-03-027 Ordering Paragraph 37. Note that the compliance date of January 1, 2023, was extended to January 1, 2025.

SDG&E is not providing a response to this question at this time.

d. How should the CEC consider equipment and measures that mitigate impacts from extreme heat, wildfires, or local air pollution but increase individual energy use (e.g., installing a heat pump heating and cooling system in a home that previously did not have an air conditioner)? How does this align with the legislative direction that the program shall "reduce the emissions of greenhouse gases"?

SDG&E is not providing a response to this question at this time.

e. Should the CEC consider unique portfolios, technologies, and measures to reflect California regional diversity, such as different climate zones, electric utilities or community choice aggregator providing service, technology performance, electric reliability, wildfire risk, etc.?

SDG&E is not providing a response to this question at this time.

8) This program offers a significant opportunity to advance load flexibility in the residential sector and across the state. Load flexibility or load management provides residents with the ability to shift their energy usage in response to hourly energy prices, GHG emissions, or grid conditions. This can provide savings on consumer bills, as well as provide grid reliability support.

a. What load flexibility requirements should be included in the direct install program, and which load flexibility measures should be prioritized?

SDG&E Response: Other than the installation of measures that support load flexibility, such as smart panels, smart thermostats and similar control devices, no requirements for load flexibility should be included in the direct install program, as load flexibility will be implemented via voluntary utility dynamic pricing rate tariffs. The program should be designed to allow residents to participate in dynamic pricing rates.

9) AB 209 includes mobile homes as eligible buildings. The ability to decarbonize existing mobile and manufactured homes depends on factors such as location (mobile home park or rural), ownership, size, age, condition, access to electricity, and access to appropriately sized efficient-electric equipment.

a. What considerations should be taken for mobile or manufactured homes that are different from other eligible buildings?

SDG&E Response: SDG&E and the other California IOUs have significant experience with mobile home parks and manufactured homes through their ongoing mobile home park programs, which are intended to increase the safety of mobile home parks by installing direct metered service to individual units (moving away from master meters). There is a potential opportunity for a proposed program to work in conjunction with these programs to increase building electrification for these residents, many of which are low or moderate income or on fixed incomes. The concerns of mobile homeowners and renters are similar to those of other low-to-moderate income customers; therefore, the focus should be on minimizing these barriers, not technology. The Department of Housing and Urban Development (HUD) oversees aspects of manufactured homes that may include alterations and upgrades involving energy-related equipment. Proposed programs should be aware of these codes and standards as well as those governed by community associations.

b. What programs focused on retrofitting or decarbonizing mobile and manufactured homes or mobile home parks could offer recommendations or lessons?

SDG&E Response: The California IOU's mobile home park programs should be analyzed to determine best practices for construction and safety in mobile home parks. Although these programs are not focused specifically on decarbonization, the programs have undertaken a significant amount of work in these communities over several years and have built up expertise and know-how that would be extremely valuable for a decarbonization or retrofitting program for mobile homes. Consistent with SDG&E's recommendation to coordinate with existing programs, there are also several CPUC energy efficiency and energy savings assistance programs that target mobile and/or manufactured housing customers.

Incentive Program

10) The CEC is directed to establish and administer a statewide incentive program for low-carbon building technologies such as heat pump space and water heaters and other efficient electric technologies. A minimum of 50 percent of the funds allocated "shall benefit residents living in under-resourced communities." Incentives for manufacture, distribution, sale, and installation; financing; and direct purchase of equipment are all under consideration.

a. How should the CEC prioritize the use of funds between these options? What market actor should be incentivized? Why?

SDG&E Response: Electrification efforts are still relatively new; therefore, it may be more effective to offer downstream (direct to customer) incentives rather than midstream/upstream programs with manufacturers and distributors. For low to moderate-income customers, a direct install downstream program would provide for direct interaction with customers so that they can be educated about the importance of electrification and load management, and assistance can be provided directly to enable residents to take advantage of supporting programs and incentive layering opportunities. It is more difficult to collect information about the efficacy and experience of residents in a midstream model that relies on contractors and manufacturers for information.

b. What criteria or factors beyond the reduction of direct GHG emissions should be considered when evaluating incentive options? How do these considerations benefit residents living in under-resourced communities?

SDG&E Response: Utility bill savings and appliance safety are important considerations. Residents living in under-resourced communities are much more likely to participate if the program increases household safety and does not impact their utility bill. Programs and incentives should be appropriately designed to encourage action by those who might not otherwise be able to afford measures, or the infrastructure improvements needed to support those measures.

c. Where are the gaps in current incentive offerings that if addressed could advance the market for low and zero-carbon building technologies?

SDG&E Response: SDG&E recommends that a comprehensive understanding of the full cost of installing these types of measures so that funding can be set at the right level that will enable customers to install these measures. For example, existing EE programs authorized through the CPUC rebate or incentivize customers to reduce the cost of the appliance, but not the cost of panel upgrades, wiring, duct work or other costs associated with installation. Additional funding is necessary to cover these associated costs. It may be most impactful to develop a program or subprogram for which the primary focus is on residential wiring upgrades that enable electrification. Most homes in California were built before 1979 and some may need significant upgrades to support electrification.

d. How should incentives from this project interact with other incentives such as those available from the direct install program, utility programs, tax credits, etc.?

SDG&E Response: Please refer to response above to questions related to incentive layering in the previous section.

e. What, if any, criteria should there be regarding the disposal of replaced equipment including refrigerants where applicable?

SDG&E Response: Equipment disposal should be handled consistent with local, state, and federal requirements. SDG&E believes that implementers should be knowledgeable, and it would be more effective if the implementer included disposal in their program offering.

f. Should CEC consider funding currently active building decarbonization incentive programs in an initial phase?

SDG&E Response: SDG&E agrees that it is reasonable to allow currently active building decarbonization programs to be considered for funding from Equitable Building Decarbonization Program. These existing programs have set budgets and even limited funding that is not sufficient to meet customer demand. This would minimize lost opportunities for customers who are willing to take action as these existing programs can accommodate more customer participation. The CEC can work with the administrators and implementers of these programs to determine what reporting and tracking requirements it will need to account for AB 209 funds.

g. CEC aims to leverage and/or align with programs supported by the federal Inflation Reduction Act and the Infrastructure, Investment, and Jobs Act. Should CEC continue to leverage or align if it is at the cost of earlier implementation?

SDG&E Response: The CEC should consider information available on the IRA/IIJA offerings and, to the best of staff's ability, incorporate in initial program design. Rather than hold off on making programs available, the CEC should consider taking a phased approach to program rollout; any changes needed to address the parameters of the IRA/IIJA could be implemented in a later phase of the program. Implementation of the measures offered through these programs should not be delayed. These programs support progress in achieving the State's emissions reductions goals. Waiting to implement the programs could have a negative impact on overall program impact.

11) The CEC will require ongoing data collection and measurement and verification to evaluate program success. This may include, but is not limited to, energy and GHG savings, bill impacts for ratepayers, number of homes retrofitted, number of people in the household affected, cost per home, occupant satisfaction, indoor air quality changes, location, and other programs or funds leveraged. CEC will work to align data collection principles (fields, formats) with other programs, and share program data with the public via reports or a website. For example, the Technology and Equipment for Clean Heating (TECH) program is currently incorporating project application data, meter data, and survey data into a publicly reportable site.

a. What data not mentioned above should be collected for tracking program performance and evaluating program success?

   SDG&E Response: SDG&E supports the described data collection requirements, including those utilized by TECH for programs with similar delivery. There should be consideration given with regards to how the program will be delivered to market as to what data will be available for collection. For example, it is difficult to collect detailed customer information for incentives provided at the manufacturer or distributor level for eligible equipment as those entities are typically two or three times removed from the end user who will install the equipment. SDG&E believes that a publicly reportable site is key to program transparency and will enrich our understanding of customer needs and program operations. However, it is important that data collection requirements do not dictate program design or make it too difficult for residents to participate.