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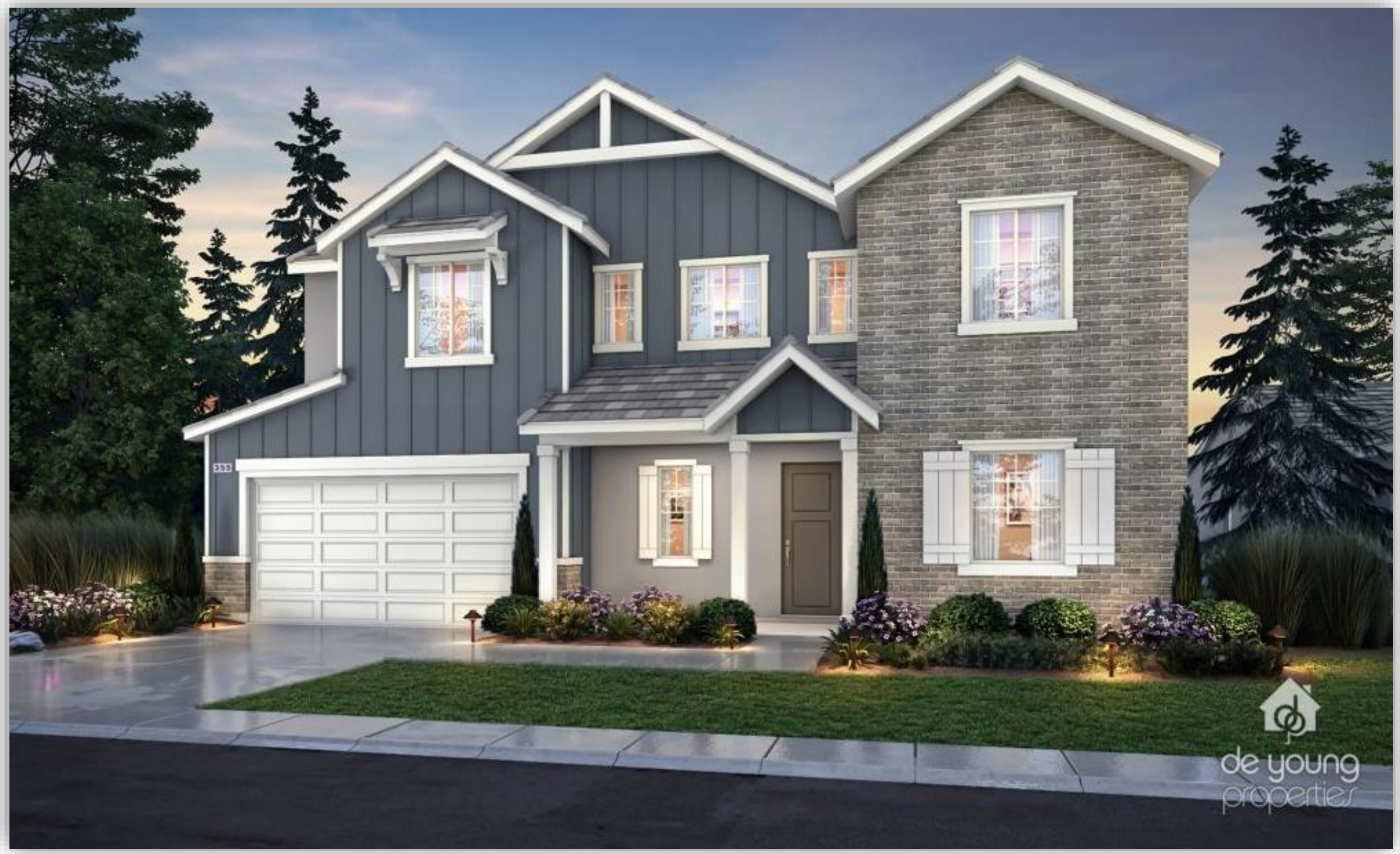
Brandon De Young

Executive Vice President

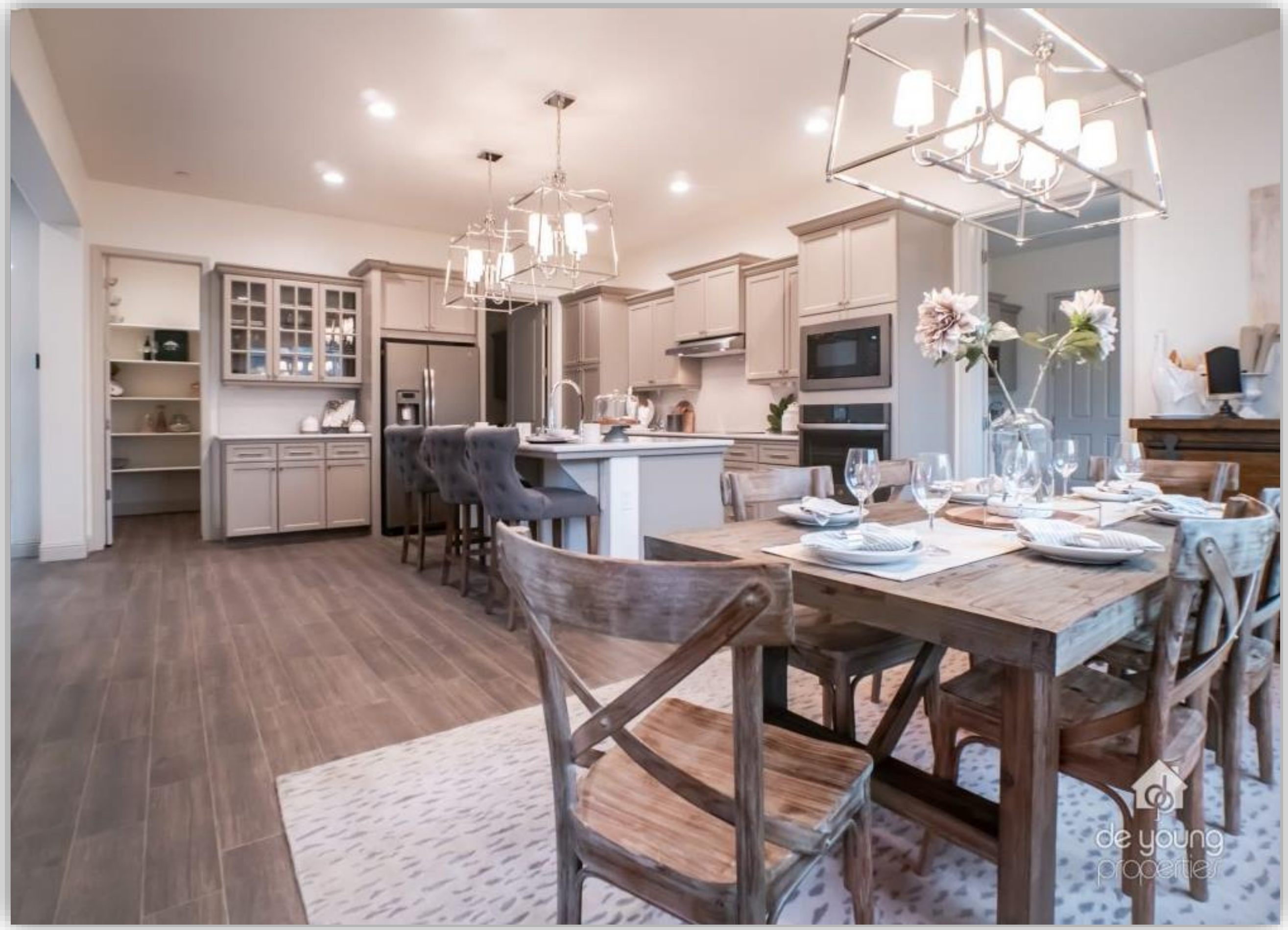
Who & Where

- 3-generation, production home builder
- Central San Joaquin Valley, California
  - Fresno/Clovis
- Roughly 100 homes/yr

Who & Where



Who & Where



Who & Where

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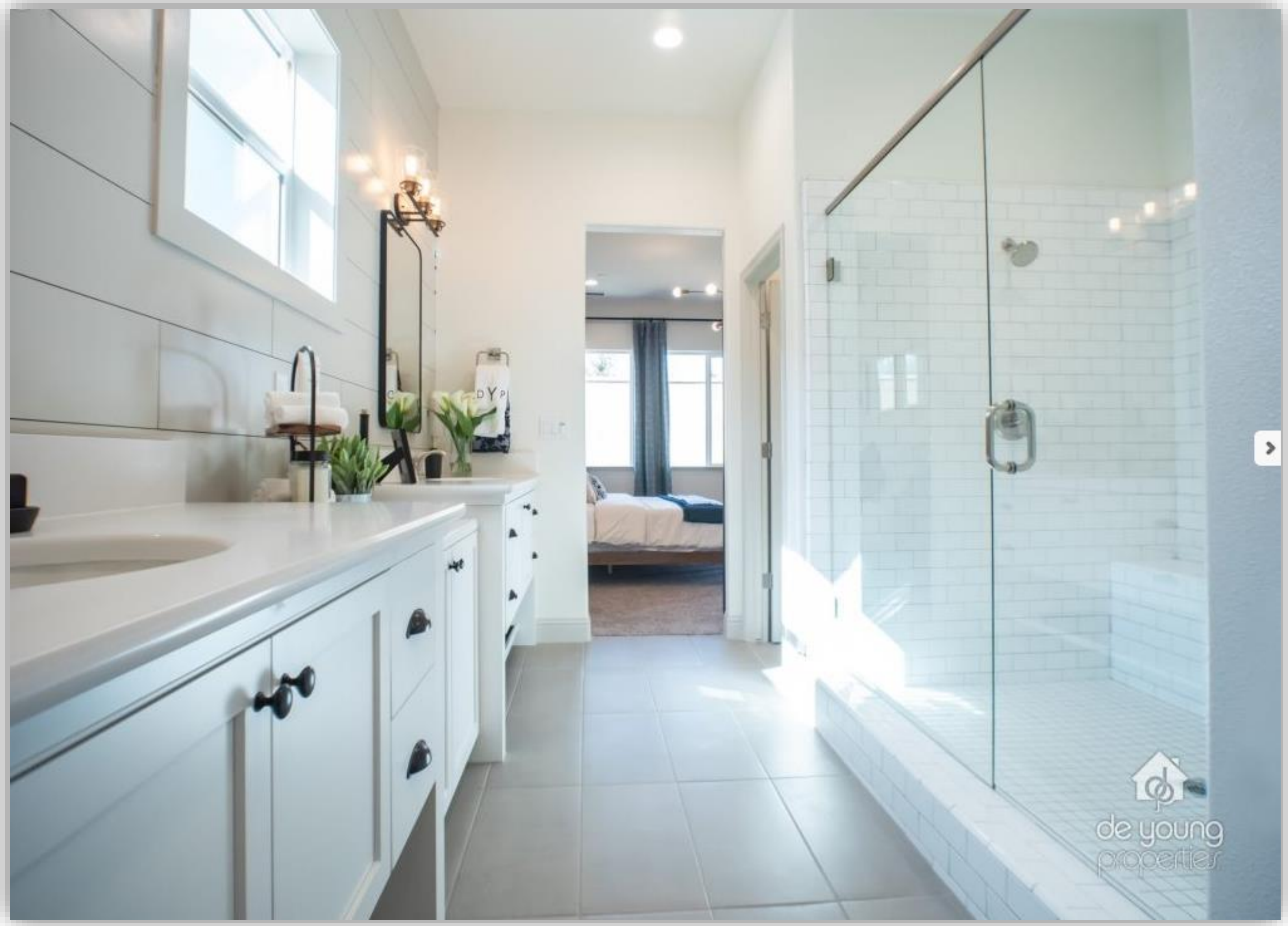

What

- Built roughly **8,000 homes** since 1974
- **High-efficient / high-tech** homes since 2008
- Built first **Zero Energy (ZE) Home** in 2013
- Built **>100 Zero Energy Homes** in Central California

Remaining Challenges

100% Electrification

- Homeowners generally don’t care what fuels their space and water heating, but they still want gas cooking.
  - It seems this is partially a consumer education issue and partially a “stubborn human” issue.

Remaining Challenges

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Cost

- Affordability is a major issue in housing right now.

- Upfront Cost
  - Pushing efficiency further will exacerbate this. Already seeing diminishing returns anyway.
  - Regarding electrification, upfront cost is a much smaller issue than we originally thought, but it is still an issue (i.e., HPWH, induction).

- Operation Cost
  - From an electrification standpoint, kWh tends to be more expensive for heating than therms. However, due to the lower cost per kWh with PV, this seems to be mitigated for average homeowners, but further analysis is needed to confirm and understand better.

Remaining Challenges

Supply Chain, Labor & Cost Issues

- There are major supply chain, labor, and cost inflation issues right now, which are caused by high consumer demand (low rates/supply), COVID, and Texas storm.

- These issues erode profit margins and force builders to pull back from energy-related R&D/innovation, and to focus all resources on overcoming the major challenges above instead.

Recommendations

- Work with upstream supply chain stakeholders of HPWH, HP HVAC, and induction cooktop products to reach cost-parity with gas equivalents for builders downstream.

- Educate trades/suppliers about benefits of electric products vs. gas so they'll promote them more to builders. Status quo is that they generally recommend *against* them.

- These will have a MUCH bigger effect on incentivizing builders vs. relying on builders to decide to pursue electric products and having to chase down rebates themselves.

Recommendations

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- Work with upstream supply chain stakeholders of HPWH, HP HVAC, and induction cooktop products on availability. With all the supply chain issues these days, if there's even a chance of supply constraints then builders will likely stick with more common gas products, so it doesn't impact construction schedules.

Recommendations

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- Further research on the issue of the operating cost of gas infrastructure in new residential communities as homes move towards electrification is needed. If a whole community has gas infrastructure installed just to power cooktops, will that eventually be an issue for the IOU?

- On the other hand, mandating all new homes to be 100% electric would face major backlash due to consumer demand for gas cooking.

Thank You!

Brandon De Young

EVP

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