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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding
Building Decarbonization.

Rulemaking 19-01-011

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

Summary

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

The Commission opened this proceeding via Order Instituting Rulemaking (OIR) adopted on February 8, 2019. The intent of the OIR is to begin crafting a policy framework surrounding decarbonization of buildings. The Commission designed this OIR to be inclusive of any alternatives that could lead to the reduction of greenhouse gas (GHG) emissions associated with energy use in buildings to further the State of California's goals of reducing economy-wide GHG emissions 40 percent below 1990 level by 2030 and achieving carbon neutrality by 2045 or sooner.

The OIR named all large Commission-jurisdictional natural gas providers, including Southern California Gas Company (SoCalGas), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southwest Gas (SWG) and large investor-owned electric distribution utilities including

PG&E, Southern California Edison Company (SCE), and SDG&E as respondents to this proceeding. Each of these utilities filed comments on the OIR.

The following additional parties filed comments: (1) Coalition of California Utility Employees; (2) California Building Industry Association; (3) Solar Energy Industries Association; (4) Environmental Defense Fund; (5) Natural Resources Defense Council/Sierra Club (NRDC/Sierra Club); (6) GRID Alternatives; (7) Center for Sustainable Energy; (8) Association of Bay Area Governments; (9) Enel X North America, Inc.; (10) Marin Clean Energy, Monterey Bay Community Power, Sonoma Clean Power Authority, Peninsula Clean Energy, Silicon Valley Clean Energy Authority; (11) California Efficiency and Demand Management Council; (12) California Municipal Utilities Association; (13) Small Business Utility Advocates; (14) California Energy Storage Alliance; (15) Wild Tree Foundation; (16) The Utility Reform Network (TURN); (17) Public Advocates Office; (18) California Housing Partnership Corporation; (19) Coalition for Renewable Natural Gas; (20) City and County of San Francisco; (21) East Bay Community Energy, the City of Berkeley, the City of Fremont, and the City of Oakland; (22) California Hydrogen Business Council; (23) Vermont Energy Investment Corporation; (24) National Fuel Cell Research Center; (25) County of Los Angeles on behalf of the Southern California Regional Energy Network; (26) City of Palo Alto; and (27) Californians for Balanced Energy Solutions.

The following parties filed reply comments: (1) TURN; (2) Wild Tree Foundation; (3) GRID Alternatives; (4) Californians for Balanced Energy Solutions; (5) Small Business Utility Advocates; (6) Center for Sustainable Energy; (7) NRDC/Sierra Club; (8) Association of Bay Area Governments; (9) Vermont Energy Investment Corporation; (10) SDG&E; (11) California Hydrogen

Business Council; (12) National Fuel Cell Research Center; (13) SCE; (14) SoCalGas; (15) PG&E; (16) Coalition for Renewable Natural Gas; (17) Public Advocates Office; (18) California Efficiency + Demand Management Council; (19) Marin Clean Energy, Monterey Bay Community Power, Sonoma Clean Power Authority, Peninsula Clean Energy, Silicon Valley Clean Energy Authority; and (20) Environmental Defense Fund.

A Prehearing Conference (PHC) was held on April 24, 2019 to discuss the issues of law and fact, determine the need for hearing, and set the schedule for resolving the proceeding. During the PHC, the assigned Administrative Law Judges (ALJs) granted party status to the following entities: (1) California Solar and Storage Association; and (2) Center for Energy Efficiency and Renewable Technologies.

After considering the comments filed in response to the OIR and discussion at the prehearing conference, I have determined the issues and initial schedule of the proceeding to be as set forth in this scoping memo.

2. Issues

Initially, the scope of this rulemaking is intended to focus on implementation of Senate Bill (SB) 1477, which requires the Commission to develop two programs designed to test two specific programmatic approaches to building decarbonization.

The proceeding will also include the potential to develop pilot programs to support rebuilding efforts in geographic areas of the state affected by recent wildfires. More broadly, this proceeding is intended to coordinate with the California Energy Commission's activities to design and implement Title 24 building codes and Title 20 appliance standards, to support further building decarbonization potential. Finally, the scope shall consider all policy framework

issues, including programs, rules, and rates, that will help accomplish building decarbonization, as part of the state's GHG reduction goals.

Therefore, the issues to be determined are:

1. How should the Commission implement SB 1477 (2018, Stern)?
 - a. Who should the Commission select to administer the Building Initiative for Low-Emissions Development (BUILD) program?
 - b. Who should the Commission select to administer the Technology and Equipment for Clean Heating (TECH) program?
 - c. What program design parameters should the Commission establish for the BUILD program?
 - i. Technology eligibility criteria;
 - ii. Process for evaluating new technologies;
 - iii. Guidelines and evaluation metrics; and
 - iv. Criteria for scoring and selecting projects.
 - d. What program design parameters should the Commission establish for the TECH program?
 - i. Technology eligibility criteria;
 - ii. Process for evaluating new technologies;
 - iii. Guidelines and evaluation metrics; and
 - iv. Criteria for scoring and selecting projects.
 - e. Who should the Commission select to evaluate the BUILD and TECH programs?
2. Should the Commission implement any programs dedicated specifically to support the construction of decarbonized buildings in communities affected by wildfires?
3. Should the Commission make any changes to existing policies, rules, or procedures in order to facilitate better coordination with the development of Title 24 and Title 20

standards at the Energy Commission that facilitate building decarbonization?

4. What policies, rules, and procedures should the Commission adopt to facilitate the decarbonization of buildings?

3. Need for Evidentiary Hearing

In the OIR, the Commission preliminarily determined that hearings are not necessary. At the PHC, there was discussion regarding the need for evidentiary hearings in this proceeding. Parties stated that hearings are not necessary. This ruling confirms the Commission's preliminary determinations that hearings are not necessary.

4. Schedule

The following initial schedule for resolving the issues related to SB 1477 is adopted here and may be modified by the assigned Commissioner or ALJ, as necessary, to promote the efficient and fair resolution of the Rulemaking:

Proceeding Milestone	Date
Comments on OIR filed and served	March 11, 2019
Reply comments on OIR filed and served	March 26, 2019
Prehearing Conference	April 24, 2019
Scoping Ruling	May 15, 2019
Ruling with Staff Proposal on Proposed Approach to Implementing SB 1477	July 2019
Workshops, Comments/Reply, and Party Alternative Proposals on Proposed Approach to Implementing SB 1477	3 rd Quarter 2019
Proposed decision addressing SB 1477	4 th Quarter 2019
Other issues not directly related to implementation of SB 1477	Beginning early 2020

This proceeding will conform to the statutory case management deadline for quasi-legislative matters set forth in § 1701.5. In particular, it is the Commission's intention to resolve all relevant issues within 36 months of the date this OIR is adopted. In using the authority granted in § 1701.5(b) to set a time longer than 18 months, I consider the number and complexity of the tasks and the need to coordinate with multiple other proceedings. However, this does not mean that the proceeding must take 36 months. The ALJs and I will make every effort to expedite the schedule for addressing all items within the scope of this proceeding. The ALJ will revise the schedule when more information is available.

In addition, there will be workshops in this proceeding. Notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decisionmaker or an advisor may be present at those meetings or workshops. Parties should check the Daily Calendar regularly for such notices.

5. Category of Proceeding/*Ex Parte* Restrictions

This ruling confirms the Commission’s preliminary determination that this is a quasi-legislative proceeding. (OIR at 25.) Accordingly, *ex parte* communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Commission’s Rules of Practice and Procedure.

6. Oral Argument

Parties may request Oral Argument in this proceeding. Unless comment is waived pursuant to Rule 14.6(c)(2) for granting the uncontested relief requested, motion for oral argument shall be by no later than the time for filing comment on the proposed decision.

7. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission’s monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission’s website.

In addition, the Commission served this OIR on the following dockets:

	Docket	Proceeding Number
1	Integrated Resource Planning	Rulemaking (R.)16-02-007
2	Energy Efficiency	R.13-11-005 and Application (A.)17-01-013 <i>et al.</i>
3	Rulemaking on Affordable Energy in the San Joaquin Valley	R.15-03-010
4	Natural Gas Leakage Abatement	R.15-01-008
5	Low Income Energy Efficiency	A.15-02-001 <i>et al.</i>
6	Self Generation Incentive Program	R.12-11-005

7	Electricity Storage	A.18-02-016 <i>et al.</i>
8	Net Energy Metering	R.14-07-002
9	Demand Response	R.13-09-011
10	EPIC on Research and Development	A.17-04-028 <i>et al.</i>
11	Transportation Electrification	R.18-12-006
12	Distribution Resources Planning	R.14-08-013 <i>et al.</i>
13	Integrated Distributed Energy Resources	R.14-10-003
14	Climate Adaptation	R.18-04-019
15	Natural Gas Utility Cap-and-Trade	R.14-03-003

8. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by May 24, 2019, 30 days after the PHC.

9. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

10. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to

Commissioners, the ALJs, or their personal advisors unless specifically instructed to do so.

11. Assignment of Proceeding

Michael Picker is the assigned Commissioner and Julie A. Fitch and Colin Rizzo are the assigned ALJs for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The preliminary schedule of this proceeding, for implementation of Senate Bill 1477, is as set forth above.
3. Evidentiary hearings are not needed.
4. The category of the proceeding is Quasi-Legislative and it is the intention of the Commission to resolve this proceeding by January 31, 2022.
5. The assigned Commissioner or Administrative Law Judge may modify the schedule of this proceeding as required to promote efficient management and fair resolution of the rulemaking.

Dated May 17, 2019, at San Francisco, California.

/s/ MICHAEL PICKER

Michael Picker
Assigned Commissioner