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08/02/22
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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan (U39M).	Application 22-02-005
And Related Matters.	Application 22-03-003 Application 22-03-004 Application 22-03-005 Application 22-03-007 Application 22-03-008 Application 22-03-011 Application 22-03-012

ADMINISTRATIVE LAW JUDGE'S RULING INVITING COMMENTS ON STAFF PROPOSAL FOR GAS ENERGY EFFICIENCY INCENTIVES AND CODES AND STANDARDS SUB-PROGRAMS AND BUDGETS

This ruling invites comments on two topics pertaining to the 2024-2031 business plan and 2024-2027 portfolios under consideration in this consolidated proceeding. This ruling is concurrently served on the service list of Rulemaking (R.) 13-11-005, for transparency to parties in that proceeding who may have interest in these topics. Comments in response to this ruling may be filed and served no later than August 26, 2022. Reply comments may be filed no later than September 5, 2022.

1. Staff Proposal for Gas Energy Efficiency Incentives

Energy Division staff have prepared a staff proposal, included with this ruling as Attachment 1, for a phased transition to providing fewer ratepayer-funded incentives for gas energy efficiency measures. This staff proposal, in part, responds to the January 13, 2022 motion of Sierra Club, in R.13-11-005, requesting the California Public Utilities Commission (Commission or CPUC) to prohibit energy efficiency funding for non-cost-effective gas appliance incentive measures. Parties are invited to address the following specific questions regarding the staff proposal.

1.1. Questions for Parties

1. Are there additional criteria that should be taken into account in the staff proposal?
   a. Is the existing criteria cited in Section 2.4.1 of the staff proposal sufficient to justify using energy efficiency ratepayer funds collected from natural gas utility customers for electric energy efficiency measures?
   b. What other information should be taken into account in supporting the claim that there are adverse public health impacts from natural gas appliances (Section 2.4.2 of staff proposal)?
2. How should "viable electric alternative" be defined?
   a. How should infrastructure costs, such as electric panel upgrades, be included in determining what constitutes a viable electric alternative?
   b. What would be the fastest and most accurate way to gather accurate data on infrastructure costs for electrification measures statewide?
3. How should "exempt measures" be defined?
4. Do you agree with the proposed steps and associated timeframes included in the staff proposal? If not, what

should the transition timeline away from natural gas energy efficiency incentives be?

5. Which assessment metric (total resource cost, total system benefit, others) should be used to assess cost effectiveness in the relevant steps in this proposal in determining the eligibility of gas measures for receiving incentives?
6. Do gas appliances serve a market support and/or equity function given the state's goals and progress towards electrification?
7. What are the other options for uses of the gas incentives that staff proposes to phase out?
    a. Decrease gas energy efficiency collections?
    b. Use for other measures?
        i. Examples: wildfire-proof soffits, passive solar houses, awnings
    c. Provide to gas ratepayers for fuel substitution?
    d. Use the gas incentives for electric measures? If you recommend this option, explain any legal implications.
8. What other options should the Commission examine for promoting electrification through the staff proposal, beyond redirecting incentives from gas measures?
9. Custom Projects
    a. How should the CPUC determine what aspects of custom projects are feasible for electrification? Is it more appropriate to make this determination at a more overarching equipment/process level (*i.e.*, instead of on a case-by-case basis)?
    b. What should the difference in incentives between gas and electric custom measures be? Over what duration should that difference be phased in?
    c. What more can be done to encourage electrification and decarbonization in custom projects?

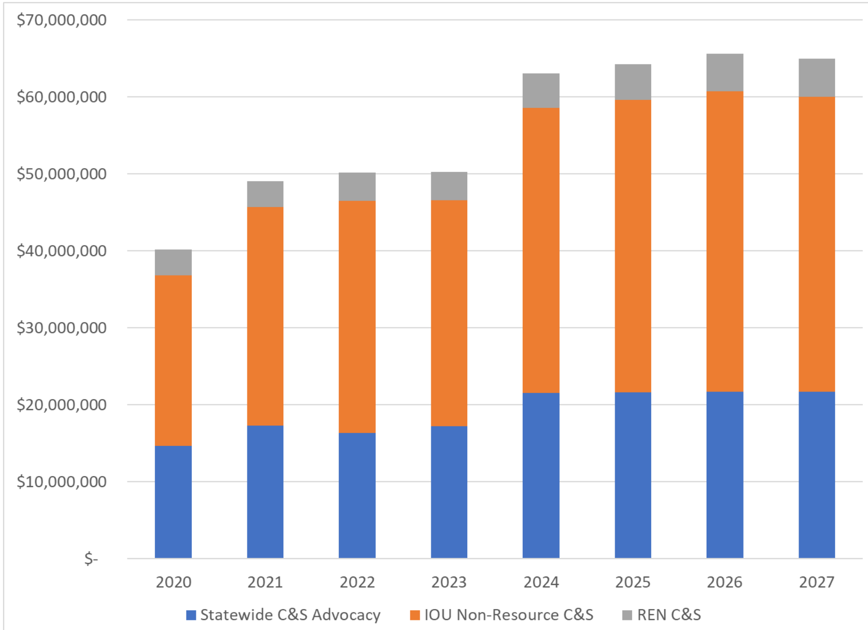
10. How does the transition and timeline to phase out energy efficiency gas incentives align with other related proceedings?
11. How does the transition to phase out energy efficiency gas incentives align with the nine objectives of the CPUC's Environmental and Social Justice Action Plan?
12. How does the transition to phase out energy efficiency gas incentives align with the vision and benefits of the CPUC's Distributed Energy Action Plan?
13. Are there any legal implications of phasing out energy efficiency gas incentives?

2. Codes and Standards Sub-programs and Budgets

Development of appliance standards and building codes have increasingly focused on measures beyond energy efficiency, to an approach more broadly focused on decarbonization. Parties are invited to comment on whether and how Codes and Standards Advocacy programs should be modified to reflect this broader focus, and related budget considerations for other Codes and Standards sub-programs.

2.1. Questions for Parties

1. Describe how the Codes and Standards Advocacy programs should expand their scope to address additional clean energy goals, such as transportation electrification and decarbonization.
2. The Codes and Standards program consists of additional sub-programs that do not claim savings, such as Planning and Coordination, Code Readiness, and Reach Codes. The budgets for these 'non-resource' sub-programs have increased over the years, while the advocacy portion has remained more consistent. The below chart shows Statewide Codes and Standards Advocacy budgets compared to the investor-owned utilities' non-resource budgets:



Source: Budget filings, 2024-2027

Should the non-resource Codes and Standards sub-program budgets increase commensurate with increases in the advocacy budget, or vice versa? Should the non-resource Codes and Standards budgets be limited to a maximum percentage of a program administrator's portfolio budget, or in some other way?

3. For non-resource Codes and Standards sub-programs, describe what milestones or minimum performance requirements should be met in order to increase or substantiate the proposed budget allocations.

IT IS SO RULED.

Dated August 2, 2022, at San Francisco, California.

/s/ VALERIE U. KAO

Valerie U. Kao
Administrative Law Judge

ATTACHMENT 1