



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

FILED

01/07/25

04:59 PM

A2208003

Application of Pacific Gas and Electric
Company for Approval of Zonal Electrification
Pilot Project.

Application 22-08-003
(Filed August 10, 2022)

(U 39 G)

**PACIFIC GAS AND ELECTRIC COMPANY'S MOTION TO
WITHDRAW APPLICATION NO. 22-08-003**

JONATHAN PENDLETON
CHRISTOPHER J. WARNER

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: 415-309-9572
E-mail: chrisjwarner52@gmail.com

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: January 7, 2025

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company
for Approval of Zonal Electrification Pilot
Project.

Application 22-08-003
(Filed August 10, 2022)

(U 39 G)

**PACIFIC GAS AND ELECTRIC COMPANY’S MOTION TO
WITHDRAW APPLICATION NO. 22-08-003**

Pursuant to Rule 11.1 of the Commission’s Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) respectfully submits its Motion to Withdraw Application No. 22-08-003 .¹

PG&E proposed the Zonal Electrification Pilot Project with the cooperation and support of the California State University at Monterey Bay (CSUMB), to provide California and the nation with a first-of-a-kind, innovative electrification project to de-carbonize over 400 existing housing units by converting them cost-effectively from natural gas utility service to electricity service.

The Project would avoid costly upgrades to PG&E’s gas system and provide the CSUMB residents with new retail, clean electricity service using highly efficient electric appliances.

Through implementing the Project, PG&E, CSUMB, the Commission, the State of California and interested parties would pilot and demonstrate the practical, on-the-ground techniques and project management processes that could scale the replacement of existing natural gas usage with electricity throughout the State in compliance with California’s decarbonization goals.

¹ PG&E is submitting its request to withdraw A.22-08-003 per the procedural guidance of the Administrative Law Judge and Dockets Office received January 7, 2025.

The Project was made possible because PG&E was otherwise required to timely upgrade the gas distribution system serving CSUMB with a more costly pipeline replacement project. Assuming the Project could be implemented on a schedule and scale consistent with PG&E's otherwise needed gas system upgrades at CSUMB, the Project would enable the electrification of the CSUMB residential units while maintaining PG&E's reliability and safety requirements for its existing gas customers at CSUMB.

Since filing the Application in August 2022, PG&E management has updated its assessment of the operational challenges to the Project. These challenges include (1) delay in implementing the high-priority gas pipeline replacements required for gas service to the residents; and (2) the continued uncertainty and complexity of the project, particularly the unknown environmental remediation costs for the electrification of the 400 units. For these reasons, PG&E is reluctantly terminating the project and filing this Motion to withdraw its Application for approval of the Project.

Over the last two years, PG&E has engaged actively and collaboratively with all interested parties in this proceeding, as well as with CSUMB, to ensure that the proposed Project would meet CSUMB's needs as PG&E's primary customer and support the recommendations and comments of interested parties. PG&E has appreciated the input of the active parties in this proceeding, because all the parties recognize that decarbonization of PG&E's gas system is a complex and challenging task—a task that has not yet been accomplished on such a large scale anywhere in the United States. The parties' comments and recommendations as well as the definitive project agreement between PG&E and CSUMB have been constructive and valuable, and will be useful for future, scalable electrification projects, regardless of the outcome of this project, as guided by the Commission's decisions in PG&E's 2023 General Rate Case and in the pending Long-Term Gas System Planning proceeding (R.24-09-012).

As this Zonal Electrification Pilot Project application proceeding has progressed over the last two years, leading to the completion of the record this past month, it also has become

clear that PG&E and some of the active parties in the proceeding do not agree with the merits of the Project as proposed by PG&E and CSUMB. The disagreements are over factual evidence regarding the cost-effectiveness of the Project, and legal and ratemaking issues related to recovery of the costs of the Project, including allocation of the costs and benefits of the Project between electric and gas ratepayers. Although PG&E believes that its proposal, if implemented timely, provides the best outcome for a sustainable and scalable demonstration project, there remains too great a divide in parties' perspectives on core project details that PG&E views as essential for success. The continued opposition of some parties to the Project, as well as the Commission's own decarbonization proceedings, including the Long-Term Gas System Planning proceeding that is slated to address some of the fundamental ratemaking policies at question in this application, and any additional upcoming proceedings to implement Senate Bill (SB) 1221, have contributed to PG&E's reassessment of this Project.

Unfortunately, the procedural schedule for approval and implementation of the Project no longer conforms to PG&E's needs for certainty and the need to make safety upgrades to the CSUMB gas distribution facilities given the delays and timing uncertainty in approval of the Project.

PG&E remains committed to its plan to achieve a net-zero energy system by 2040 and PG&E looks forward to actively working with parties in R.24-09-012 and other proceedings to develop a durable framework for the State to achieve a net-zero energy future.

For these reasons and regretfully, PG&E hereby files this Motion to Withdraw Application No. 22-08-003, Application for Approval of Zonal Electrification Pilot Project. The Motion is timely because the proceeding has not yet been submitted or assessed on the merits by the Commission, the safety and reliability of PG&E customers is protected by withdrawal of the Application to ensure timely replacement of the gas pipelines as previously noted in the record as a priority, and the record and "lessons learned" in the proceeding will be fully available to the Commission and interested parties in the Commission's other pending electrification proceedings. PG&E appreciates the participation and support of the interested

parties, Assigned Commissioner, Administrative Law Judge, the leadership of CSUMB and the Commission staff. PG&E looks forward to working with the Commission, CSUMB and all interested parties in vigorously pursuing decarbonization projects like the CSUMB project and other electrification initiatives in other pending and upcoming Commission proceedings.

Respectfully submitted,

By: /s/ Christopher J. Warner
CHRISTOPHER J WARNER

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: 415-309-9572
E-mail: schrisjwarner52@gmail.com

Dated: January 7, 2025

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY