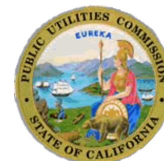

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Building Decarbonization.	Rulemaking 19-01-011 (Filed January 31, 2019)

OPENING COMMENTS OF SIERRA CLUB, CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE, AND NATURAL RESOURCES DEFENSE COUNCIL ON PHASE 4 TRACK A PROPOSED DECISION

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Representing Sierra Club

Date: April 15, 2025.

SUMMARY OF RECOMMENDATIONS

1. Revise the Proposed Decision's ("PD") provisions regarding common facility cost treatment for electrification-triggered service upsizes as follows:
   - Remove the $5 million statewide budget cap for the policy and expand eligibility to include all residential customers, or, at a minimum:
     - Expand the budget cap to $10 million, with $5 million set aside for "under-resourced" residential customers and small business customers located in disadvantaged communities, with the remainder open to all residential and small business customers;
   - Remove the $10,000 cost cap for under-resourced residential customers in single-family homes;
   - Revise the existing service capacity limit for eligible customers from *less than 100 amps* to *100 amps or less*;
   - Remove the requirement of full electrification to quality for common facility cost treatment given this issue was never commented on, is contrary to the appliance-by-appliance process by which many homes electrify, and would needlessly and drastically limit eligibility.

2. Revise the PD to ensure that this proceeding reexamines the utilities' provision of 15-minute peak demand data following utility responses to the PD's metering questions.

3. Eliminate the two-year extension for energization of mixed-fuel new construction projects seeking line extension allowances or limit the extension to six months at most.

4. With regard to AB 157 Implementation:
   - Require TECH to adopt the equity definition adopted for AB 157 funding for all TECH programs going forward;
   - Explicitly allow participants of other income-qualified programs, such as CARE, LADWP's EZ-SAVE program, and LIHEAP, to automatically qualify and allow TECH to determine appropriate means of qualification for eligible customers that are not enrolled in these programs;
   - Expand the geographic scope of the program to the City of Los Angeles communities in the San Fernando Valley at the outset of AB 157 implementation—rather than delaying eligibility outside of the Aliso Canyon Disaster Area until 2027—with TECH determining how to best prioritize the Aliso Canyon Disaster Area, such as through priority application status;
   - Direct SoCalGas to provide TECH with hourly gas demand data for residential customers in eligible geographic regions to allow TECH to develop programs that maximize gas demand reductions and customer bill savings.

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Pursuant to Rule 14.3 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Sierra Club, California Environmental Justice Alliance ("CEJA"), and Natural Resources Defense Council ("NRDC") (collectively, the "Joint Parties") respectfully submit these Opening Comments on the Phase 4 Track A Proposed Decision ("PD").[1]

I. INTRODUCTION

Phase 4 of this proceeding identified many near-term opportunities to reduce barriers to achieving widespread building electrification and its corresponding public health and climate benefits. Unfortunately, the PD fails to maximize these opportunities through a series of factual and legal errors. With regard to common facility cost treatment of service line upsizing necessary to accommodate building electrification, rather than put Commission policy on the same footing as upsizing for electric vehicle ("EV") charging, the PD sets a series of overly restrictive criteria, from cost caps, to limiting eligible customers, to requiring full electrification—a costly intervention that is contrary to the phased approach typically taken by building owners. Given that service line upsizing is rarely necessary but when it is, it creates unpredictable additional costs that make electrification out of reach for all but the wealthiest customers, the PD should be revised to expand eligibility, remove or increase the cost cap with a portion of funds reserved for under-resourced customers, and eliminate the requirement for whole building electrification.

As the Staff Proposal explained, the provision of 15-minute peak demand data has significant potential to avoid unnecessary panel upgrades. The Joint Parties appreciate and support the PD's request for additional information from the utilities to determine if and how

[1] Phase 4 Track A Decision Establishing New Electric Service Line Upsizing Rules, Modifying Electric Line Extension Rules and Reporting Requirements, and Implementing Assembly Bill 157 (Mar. 26, 2025) ("PD"), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M560/K138/560138225.PDF.

utilities should provide this information. However, rather than non-committedly punt subsequent action on this important issue, the PD should be revised to clarify that the utilities' potential provision of 15-minute demand data will be further considered in this proceeding, in order to ensure potential savings are realized.

In contrast to the PD's erroneous characterization of "excessive" ratepayer impacts from common facility treatment for service line upgrades, the PD fails to even consider the ratepayer impact of a two-year extension of energization timelines for mixed-fuel new construction to qualify for electric line extension allowances ("LEAs").[2] Unlike service line upgrades to enable building electrification, mixed-fuel new construction undermines achievement of California's climate objectives. Moreover, the risk that energization timelines would not be met was known at the time applicants decided to move forward with fossil-fuel reliant construction. If the Commission is indeed serious about equity, decarbonization, and ratepayer costs, it should focus its attention here and reject the proposed extension rather than nickel-and-dime common facility treatment of service line upgrade costs.

With regard to Aliso funds, the Joint Parties appreciate the adoption of an equity definition that better ensures equity funds go to low-income customers and recommend this definition apply to all TECH equity programs. To ensure program funds are deployed and maximize benefits, the PD should provide additional clarity on low-income verification, allow funds to be immediately used in City of Los Angeles communities in the San Fernando Valley with TECH given the flexibility to determine how to best prioritize communities in the Aliso Canyon Impact Area, and direct Southern California Gas Company ("SoCalGas") to provide TECH with hourly gas demand data for residential customers in these regions to better identify customers where interventions will achieve the most gas demand reductions and bill savings.

II. DISCUSSION

A. The PD's Severe Limitations on Eligibility for Common Facility Cost Treatment for Building Electrification-Driven Service Line Upsizing Costs is Predicated on Multiple Factual Errors.

While the PD claims it furthers the "Commission's goal to adopt policies aimed at reducing greenhouse gas emissions associated with energy use in buildings,"[3] the PD's

[2] *Compare id*. at 106, *with id*. at 62–64.
[3] *Id*. at 3.

significant restrictions on common facility cost treatment of service line upsizing perpetuate a key barrier to building electrification and its disparate treatment from the transportation sector, where common facility cost treatment is unconditionally afforded to service line upsizing triggered by installation of EV charging. Similarly, while the PD purports to further equity, it ignores that in the rare instances that they are triggered, service line upsizing costs are on top of behind-the-meter electrification costs and can put building electrification out of reach for all but the wealthiest households. Additionally, the PD's "under-resourced" eligibility criterion creates ambiguity regarding treatment of multi-family residential buildings with a mix of customers who would and would not qualify.

The PD's severe limitations on eligibility for common facility cost treatment of service line upsizing costs are premised on factual errors regarding the likelihood and magnitude of costs and the failure to acknowledge the substantial savings from the elimination of gas and electric LEAs for mixed-fuel new construction. To correct these errors, the PD should be revised to extend common facility cost treatment to electrification-driven service upsizing costs for all residential and small business customers as a four-year pilot, similar to the Commission's existing treatment of service line upsizing costs triggered by EV charging. At a minimum, the PD should be revised to increase the cap to $10 million, with $5 million reserved for under-resourced residential customers and small business customers in disadvantaged communities ("DACs") with the remainder available for all residential and small business customers. In addition, the PD should eliminate the requirement for full electrification as a condition of common facility treatment and expand eligibility to customers with service lines with existing capacity of 100 amps or lower, which will ensure that the vast majority of single-family homes in DACs are not excluded from the policy. Increasing the cost cap to $10 million still represents a small fraction of ratepayer savings from the elimination of LEAs and expanded eligibility will enable the Commission to meaningfully address a key and unpredictable roadblock to building electrification.

1. The PD's Annual Budget Cap for Common Facility Cost Treatment for Electrification-Driven Service Upsizes Relies on Factual Errors and Should Be Either Eliminated or Increased to $10 Million.

The PD commits a series of factual errors in finding that "[c]apping the total funding available for electric service line upsizing ensures financial sustainability, prevents excessive

ratepayer burden, and promotes equitable distribution of benefits."[4] In fact, building electrification-driven service upsizes are extremely rare and therefore extremely unlikely to cause excessive ratepayer burden, particularly when compared to the magnitude of ratepayer savings likely to result from the Commission's elimination of LEAs. Removing the cap, or at a minimum, increasing the cap to $10 million will ensure the Commission removes a key barrier that forecloses electrification for all but the wealthiest customers and aligns its building and EV policies on service line upsizing costs.

The PD claims it is limiting funding based on a "need to assess actual savings that will result from gas line extension allowance elimination."[5] While the Joint Parties do not believe the service line upsizing policy should be tied to LEA savings, information on potential savings is already available and far exceeds the PD's $5 million funding cap, a figure which appears to have been arbitrarily determined. For example, Pacific Gas & Electric ("PG&E"), Southern California Edison ("SCE") and San Diego Gas & Electric ("SDG&E") collectively reported spending $187 million in ratepayer funds on electric LEAs to mixed-fuel new construction in 2023, costs that will no longer be incurred by ratepayers following the Commission's elimination of these allowances.[6] Energy bill savings are even greater when accounting for the elimination of gas LEAs, which SoCalGas calculated in its most recent GRC would reduce its New Business capital expenditures by roughly $40 million in Test Year 2024 and would eliminate the cost category by 2027 when fully implemented.[7] The PD commits factual error in failing to

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[4] *Id*. at 106, FOF #7.
[5] *Id*. at 15.
[6] *See* PG&E, *Advice Letter 4905-G-A/7255-E-A* (Sept. 17, 2024), https://www.pge.com/tariffs/assets/pdf/adviceletter/GAS_4905-G-A.pdf (adding up the "Total Discounts," "Total Allowances," and "Total Refund Payments Provided to Builders" for just the residential category in the tables regarding Mixed Fuel New Construction results in total payments of $67,329,047); SCE, *Advice Letter 5327-E-A*, at PDF p. 10 (Oct. 24, 2024), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/building-decarb/sce-5327-e_e-a_attachments_merged.pdf (adding up the "Summary-2023" values for residential "Total Discounts," "Total Allowances," and "Total Refund Payment Provided to Builders for Mixed-Fuel New Construction," results in a total of $55,185,670.66.); SDG&E, *Advice Letter 4440-E-A/3301-G-A* (July 1, 2024), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/building-decarb/sdge-al-and-annual-report.pdf (total computed the same way as the above advice letters is $64,839,603.).
[7] *See* D.24-12-074, *Decision Addressing the 2024 Test Year General Rate Case of Southern California Gas Company and San Diego Gas & Electric Company*, at 85–87 (Dec. 23, 2024), https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M550/K485/550485071.pdf. For further

acknowledge these savings, despite its own framing of the extension of common facility cost treatment as a use for "a portion of ratepayer savings from elimination of the gas and electric line extension allowances for mixed-fuel developments."[8] Removing or increasing the cap will continue to enable the vast majority of rate savings from the elimination of LEAs to go directly to customers.

Moreover, the PD's concern regarding costs of common facility cost treatment is underscored by the erroneous factual finding that service line upsizing "is often necessary to support installation of electric heating, cooking, and other appliances."[9] Record evidence in this proceeding demonstrates that upsizes are in fact, very rare. The analogous policy for EV charging-triggered upsizes—which carry much larger load implications than electric household appliances—has shown that upsizes are very rarely triggered, and even more rarely do their costs exceed the standard Rule 15/16 allowances. As the Joint Parties noted in comments, only 0.3% of "infrastructure checks" completed by the utilities due to requests for residential EV charger installation resulted in upsize requests in the first three-year term of Commission implementation of its policy to provide common facility cost treatment for EV-triggered service line upsizing.[10] The second three-year term similarly resulted in only 29 out of approximately 19,000 upgrades where customer costs exceeded the standard Rule 15/16 allowances.[11] Rather than ignore this data and make the erroneous assertion that service line upsizing is "often necessary," the PD should accurately state service line upsizing is "rarely necessary."

In addition, with regard to total costs to ratepayers, the PD ignores substantial record evidence supporting the likelihood that these costs would be low.[12] As the Joint Parties previously explained, ongoing reporting regarding service upsizing costs triggered by installation

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breakdown of the costs discussed in this section of the Decision, *see* A.22-05-015/016, Opening Comments of California Environmental Justice Alliance on Proposed Decision, at 4–6 (Nov. 7, 2024), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M545/K343/545343575.PDF (explaining the calculations that SoCalGas and SDG&E provided regarding anticipated savings to ratepayers stemming from the implementation of the gas line extension allowance policy).

[8] PD at 8.

[9] *Id*. at 105, FOF #2.

[10] Comments of Sierra Club, California Environmental Justice Alliance, and Natural Resources Defense Council on Assigned Commissioner's Amended Scoping Memo and Ruling and Phase 4A Staff Proposal, at 6–8 (Aug. 7, 2024) ("Joint Parties Opening Comments on Scoping Memo"), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M537/K639/537639341.PDF (citing past data and Commission review of IOUs' data collection on EV-triggered service line upsizing requests).

[11] *Id.* at 7.

[12] *Id.* at 6-8.

of EV charging equipment reflects the low costs associated with common facility cost treatment when applied to residential and small commercial properties.[13] Given the low costs of an analogous policy for EVs, the PD cannot credibly characterize extending the same treatment to building electrification as creating an "excessive ratepayer burden." Removing, or at a minimum increasing the cost cap to $10 million with broader eligibility, is consistent with the record in this proceeding and necessary to effectively address an obstacle to achieving California's building electrification objectives.

2. The PD's Restrictive Eligibility Limitations on Common Facility Cost Treatment Rely Upon Erroneous Factual Findings.

Similar to the $5 million budget cap, the PD's eligibility limitations for the service line upsizing policy are not consistent with the factual findings that appear to relate to them, ignore facts in the record, and risk undermining the success of the policy. To ensure that the policy in fact "promotes equitable distribution of benefits," the PD's eligibility requirements for common facility cost treatment should be revised to apply to: 1) all residential customers; 2) single-family residential and small business properties that have 100 amps or less of existing service capacity; and 3) upsizing triggered by installation of any qualifying appliance instead of full building electrification.[14]

a) The PD Errs in Limiting Eligibility to "Under-Resourced" Residential Customers.

The PD's proposed criterion limiting eligibility for common facility cost treatment to "under-resourced" residential customers is not consistent with the evidence in the record regarding customer impacts of service line upsizing costs, and improperly creates a non-analogous policy for electrification-driven upgrades compared to EV charging-triggered upgrades, where access to common facility cost treatment is not income-qualified or contingent upon participation in an "equity-based program."

While the PD is correct to conclude that "[i]t is reasonable to extend common facility cost treatment to under-resourced residential and small business customers to ensure they receive

[13] *See id*. at 7.

[14] Essential appliances should include electric heat pumps, heat pump water heaters, induction or electric cooktops or ranges, washers/dryers, and similarly functional end-use equipment in the small business contexts, such as commercial cooking equipment or specialized equipment for the purpose of the business (e.g., specialized nail or hair salon equipment, etc.). Essential appliances should not include purely decorative or recreational equipment, such as replacement of a decorative gas fireplace with an electric one, or addition of electric load to heat a hot tub.

the necessary support to overcome financial barriers to electrification," the record does not support the limitation of this conclusion to customers participating in "equity-based" incentive programs, which is how it has defined "under-resourced."[15] Individual customer costs for service line upsizes triggered by electrification are likely to be rare, arbitrary, and excessive for almost all households to consider covering unassisted, particularly since they occur on top of the customer's panel upgrade costs and whatever costs they are incurring for the new appliance itself.[16] Middle-income households faced with an added and unexpected cost of $3,000 to $13,000 on top of a panel upgrade and equipment costs will almost certainly choose not to electrify, instead locking their home into another decade-plus of gas dependence and locking the gas distribution pipelines serving their home into place as well. Excluding such households from common facility cost treatment is not justified by the record in this proceeding.

Further, the method that the PD has proposed for determining who is "under-resourced" creates implementation uncertainty. For example, The PD refers to electrification incentive programs in its Conclusion of Law, but in the discussion regarding this eligibility criterion, defines "program" much more broadly, as "any collective public service initiative . . . with the general purpose of making a positive impact towards reducing climate change caused from building energy use," with the exclusion of gas efficiency programs.[17] It is also not clear whether multi-family buildings containing a mix of qualifying "under-resourced" customers and non-qualifying customers could qualify for upsizing of the building's service line. However, as the PD notes, multi-family properties face significant barriers to electrification, including high costs associated with serving multiple units. Preventing buildings with a mix of qualifying and non-qualifying customers from accessing common facility cost treatment would be yet another barrier. However, if the Commission adopts a $5 million total budget cap, costs for multi-family buildings with non-under-resourced residents could take up an outsized share of the budget. By removing the "under-resourced" requirement entirely, the Commission can use this provisional

[15] PD at 16 & 111–12, COL #4, #10.
[16] *See* Joint Parties Opening Comments on Scoping Memo at 5 & n.9–11 (citing CARB and SPUR studies regarding the arbitrary and excessive expenses of service line upsizes, as well as Commission findings from the analogous EV policy that service line upsizing costs were arbitrary in nature and burdensome on individual customers), 12 & n.29 (citing research finding that insufficient circuit capacity for new load from distributed energy resources correlated with Black-identified census block groups and census block groups located in DACs); Phase 4A Staff Proposal, at 7–11 (July 18, 2024) ("Phase 4A Staff Proposal"), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M536/K015/536015666.PDF.
[17] PD at 16.

period to track the types of residential buildings that make use of the policy and identify whether or not multi-family buildings housing higher-income residents are disproportionately benefiting from the policy.

To the extent the Commission retains the "under-resourced" criterion, it should do so by setting aside at least the proposed $5 million for equity and small business customers in DACs, where pollution burdens are highest—including multifamily buildings in which equity customers occupy at least 50% of units—and add an additional $5 million available to all residential and small business customers.

b) The PD Errs in Limiting Eligibility to Single-Family Homes and Small Businesses With Less Than 100 Amps of Existing Service Line Capacity.

Limiting single-family eligibility to households with current capacity below 100 amps is an extreme restriction that is contrary to the Commission's equity objectives. As the PD itself acknowledges, an extremely low percentage of single-family homes in DACs have a rated electric capacity of less than 100 amps, meaning the vast majority of single-family homes in DACs would be excluded from this policy even if they were otherwise eligible.[18] This outcome is not consistent with the PD's factual findings that the decision "aligns with the Commission's ESJ Action Plan (Version 2.0) by ensuring equity-centered building decarbonization, reducing financial and infrastructural barriers to the ESJ communities, and enhancing economic opportunities for disadvantaged communities," and that the "service line upsizing subsidies . . . ensure ESJ communities benefit equitably from California's clean energy transition."[19] Revising this requirement to include single-family homes with existing 100 amp service, as opposed to only those *below* 100 amps, will capture a much larger percentage of single family homes in DACs according to the same data cited by the PD.[20] Similarly, with regard to small businesses,

[18] PD at 15, n.22. The PD appears to incorrectly cite the data in the report referenced in the footnote, stating that 2% of single-family homes in DACS have a rated electrical panel capacity of less than 100 amps. The 2% figure for 100 amp capacity in the report refers to upgraded panel capacity observed in panel upgrade permits. Figure 8 in the report refers to existing panel sizes, and finds that 8% of single-family homes in DACs have existing panels under 100 amps. Even so, this means the PD's eligibility criteria would make ineligible 92% of single-family homes in DACs. *See* Eric Daniel Fournier et al., *Quantifying the electric service panel capacities of California's residential buildings*, 192 Energy Pol'y, at 10, Fig. 8 (2024) ("UCLA Study").

[19] PD at 110–11, FOF #44–45.

[20] *Id*. at 15, n.22 (citing study that found while only 8% of single-family homes in DACs have panels under 100 amps in capacity, 38% of them have 100 amp panels (UCLA Study at 10, Fig. 8)).

the Commission should, at a minimum, also revise the requirement to include properties with existing 100 amp service, and consider revising the PD to allow small businesses with up to 150 amps of existing service capacity to qualify, as load profiles of small businesses and typical commercial equipment may have higher amperage needs.

c) The PD's Requirement that Full Home Electrification is Necessary to Qualify for Common Facility Cost Treatment Was Not the Subject of Party Comment and Does Not Reflect the Realities of Home Electrification and Incentive Programs.

In seeking party comment on the extent to which service line upgrades triggered by building electrification should be afforded common facility cost treatment, nowhere did the Assigned Commissioner's Ruling ask whether common facility cost treatment should only be extended in the case of full home electrification.[21] Because there was no comment or record on this issue, the PD commits legal error in conditioning ratepayer funding of service line upgrades on full electrification.[22] This requirement should be stricken from the PD.

Conditioning ratepayer funding of service line upgrade costs on full electrification conflicts with the PD's purported alignment with equitable decarbonization programs, many of which provide rebates and incentives for a single appliance. For example, the High-Efficiency Electric Home Rebate A ("HEEHRA") program, for which the PD claims its new policy would help offset service line upgrade costs, does not require full home electrification to be eligible for its appliance-specific rebates.[23] Rather, like other equity programs such as equity rebates for heat pump water heaters under the Self-Generation Incentive Program, they apply to individual appliances. The PD therefore commits factual error in suggesting it is aligned with equitable building decarbonization programs by making even more limited its already limited applicability.

The Joint Parties did and continue to support a whole-home approach to building electrification, especially for low-income customers accessing funding programs like the Equitable Building Decarbonization ("EBD") program. However, in requiring full home electrification as a condition of ratepayer-funded service line upgrade eligibility, the PD also

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[21] *See* R.19-01-011, Assigned Commissioner's Amended Scoping Memo and Ruling (July 1, 2024), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M534/K700/534700375.PDF.

[22] *See* PD at 111, COL #6 ("Requiring full electrification and termination of gas service as a condition for ratepayer-funded electric service upsizing is consistent with state decarbonization goals and prevents redundant infrastructure investments.")

[23] *See, e.g.,* TECH, *HEEHRA Rebates*, https://techcleanca.com/incentives/heehrarebates/ (last visited Apr. 14, 2025).

ignores the realities of building electrification, especially for under-resourced customers, which often occurs one appliance at a time as existing appliances near the end of their useful life and as a customer's financial resources allow. Currently, many electrification appliance incentives are provided through rebate programs, which already pose a barrier for low-income customers. For this reason, home electrification is frequently referred to as a "journey" based on individual needs and budget.[24] Requiring all gas appliances be replaced at once to qualify for common facility cost treatment of upsizing costs is impractical, inequitable and improperly included in the PD given the Commission never sought party comment on this consequential requirement.

3. The Commission Should Not Limit Per-Project Costs to $10,000 for Single-Family Homes or at a Minimum Should Remove this Limit for Under-Resourced Customers.

The PD's imposition of a $10,000 per-project cost cap for common facility cost treatment of service upsizes for single-family homes is both unsupported and unclear, and it is inconsistent with the PD's stated equity goals and the ESJ Action Plan. As an initial matter, it is unclear from the PD whether projects exceeding the $10,000 threshold would be denied entirely or if the customers would just be required to cover the costs in excess of $10,000 themselves, as the PD requires the utilities to report on "how many projects were denied common facility cost treatment because they were estimated to exceed the $10,000 cap, and document the conditions and reasons resulting in the projects exceeding the cap."[25] For either outcome, the PD commits legal error in finding that the cap is consistent with the ESJ Action Plan and supports equitable distribution of decarbonization benefits.[26]

Single-family households—especially low-income single-family households—experiencing financial barriers of more than $10,000 above the standard Rule 15/16 allowance for a necessary service upsize fundamentally cannot electrify without assistance. The Staff Proposal's cost data from single-family homes in PG&E's service territory identified that at least a quarter of service upsizes cost more than $10,000 per project.[27] Among other factors, the need to upgrade infrastructure contributes substantially to these higher costs. As the Joint Parties have

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[24] *See, e.g.,* Clean Energy Connection, *A Practical Guide to Planning Your Home Electrification Journey*, https://www.cleanenergyconnection.org/article/practical-guide-planning-your-home-electrification-journey (last visited Apr. 14, 2025).
[25] PD at 18.
[26] *See id*. at 103–104 (discussing consistency of the decision with ESJ Action Plan goals and noting that its conclusions apply to each section of the decision).
[27] Phase 4A Staff Proposal at 9, Fig. 2.

previously noted, grid capacity is lower in Black-identified census tract blocks and census tract blocks in DACs,[28] meaning buildings in these areas may be more likely to need additional infrastructure upgrades to electrify due to historic and ongoing disinvestment. Capping per-project costs at $10,000, and potentially even denying these households the opportunity to make up the exceedance through other funding sources, risks perpetuating these inequities and undermines the ESJ Action Plan's goal to "increase investment in clean energy resources to benefit ESJ Communities."[29] Accordingly, the PD should be revised to strike the $10,000 per-project cap for single-family homes entirely, or at a minimum, make clear that single-family homes in DACs and customers meeting the PD's "under-resourced" definition are exempt from the cost cap and that other customers in single-family homes can still receive the maximum subsidy if they are able to cover exceedances themselves.

B. The PD Should Be Revised to Ensure the Reexamination of Utility Provision of 15-Minute Peak Demand Data.

As the PD properly recognizes, "providing easy access to peak demand data will make it easier for customers to use NEC 220.87 as an alternative method for calculating existing electrical loads, and thus potentially help customers avoid unnecessary and often costly panel and service upsizing."[30] The Joint Parties appreciate that additional information is needed to "better understand the costs and challenges of sharing 15-minute peak demand data with customers," and support the PD's requirement that the utilities answer a series of questions on this issue though a Tier 1 Advice Letter 90 days from decision issuance.[31] However, the PD then errs by failing to commit to doing anything with this information. Instead, the PD simply suggests that there are other proceedings "including R.22-11-013, where requirements around metering data *may* be explored."[32] Given its significant potential cost savings, the PD should be revised to clarify that the Commission will revisit potential requirements for utilities to enable customers access to 15-minute peak load data in this proceeding after the utilities provide the information requested by the PD.

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[28] Joint Parties Opening Comments on Scoping Memo at 12.
[29] CPUC, *Environmental and Social Justice Action Plan Version 2.0*, at 23 (Apr. 7, 2022), https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf.
[30] PD at 31–32.
[31] *Id*. at 34.
[32] *Id*. at 33 (emphasis added).

C. The PD Errs in Extending Energization Timelines an Additional Two Years.

In D.23-12-037, the Commission set clear criteria for electric line extension allowance applications for new construction projects that continue to rely on gas: 1) the invoice had to be paid to the electric utility by July 1, 2024; 2) the electric utility contract had to be signed and received by the electric utility by July 1, 2024; and 3) the project had to be energized by no later than twelve months after July 1, 2024.[33] Accordingly, the risk that the project would not be energized by July 1, 2025 was known to the applicant at the time of its request and if the applicant did not want to assume that risk, it could have built an all-electric project to ensure it would qualify for electric line extension allowances. In extending the energization timeline an additional *two years,* the PD improperly uses ratepayers to derisk developer decisions to continue to invest in polluting construction. At most, any extension should be limited to a six-month grace period as recommended by SCE.[34]

Indeed, the PD's generous use of ratepayer money to subsidize projects that are inconsistent with California's climate objectives is in stark contrast to its miserly approach to common facility cost treatment for service line upgrades triggered by adoption of electric appliances. While the PD claims to "further[] the Commission's goal to adopt policies aimed at reducing greenhouse gas emissions associated with energy use in buildings," its actions are to the contrary.[35] By eliminating or significantly shortening the proposed extension on energization timelines and removing restrictions on common facility treatment of service line upgrade costs for the reasons set forth above, the PD can be realigned to further California's climate objectives while controlling for ratepayer costs.

D. The PD Should be Revised to Clarify the Eligibility Requirements and Eligible Measures for the Additional AB 157 TECH Funding.

The Joint Parties appreciate the PD's efforts to ensure that additional funding of the TECH Program flowing from AB 157 appropriately targets the intended communities. However, the PD should be revised to make eligible communities clear and aligned with AB 157's mandate and the ESJ Action Plan, and the income verification processes should be revised to reduce administrative burdens on implementers and maximize program benefits.

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[33] D.23-12-037, *Decision Eliminating Electric Line Extension Subsidies for Mixed-Fuel New Construction and Setting Reporting Requirements*, at 44 (Ordering Para. 5) (Dec. 21, 2023), https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M521/K890/521890476.PDF.
[34] PD at 60.
[35] *Id*. at 3.

1. The PD Should Establish a Clear Equity Definition for TECH Overall, Not Just for AB 157 Funds.

The Joint Parties agree with the PD that restricting equity funding to households with incomes at or below 80% of Area Median Income ("AMI") will rectify the current loopholes that are preventing TECH funding from reaching more low-income households.[36] Revising the PD to direct TECH to remedy this identified issue, not only for AB 157 funding, but for other TECH incentive programs and buckets where a broader equity definition has been shown to lead to underfunding on low-income households, will ensure that TECH can continue to reach "customers with the most need" going forward.[37]

2. The PD Should Provide Additional Clarity on the Income Qualification Processes for AB 157 TECH Funds.

The PD correctly seeks to minimize administrative burdens by not requiring income verification for customers who have already been verified under the CEC's HEEHRA and EBD programs.[38] For other low-income customers, however, the PD is silent on income verification. The Joint Parties encourage the Commission to ensure that the $40 million allocated in AB 157 is maximized rather than wasted on costly verification procedures for participants who are not part of HEEHRA and EBD. Accordingly, the PD should be revised to add CARE customers (and participants in Los Angeles Department of Water and Power's ("LADWP") EZ-SAVE Program, as well as recipients of LIHEAP benefits) to the scope of equity customers and require no income verification for customers already enrolled in these programs, in addition to HEEHRA and EBD. For qualifying customers that are not captured under these programs, the PD should explicitly leave the verification process to the discretion of TECH program implementers.

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[36] *Id*. at 84.

[37] *See id.* at 82, 84; *see also* Opening Comments of Sierra Club, California Environmental Justice Alliance, and Natural Resources Defense Council on Administrative Law Judge's Ruling Directing Parties to Comment on Assembly Bill 157, at 3–4 (Oct. 28, 2024), https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M544/K255/544255611.PDF. The Joint Parties also seek to clarify an error of misinterpretation in the PD on this topic. The PD states that "[we] are not persuaded by the Joint Parties' recommendation to require the TECH Initiative to publish datasets and maps demonstrating which and how many households qualify as equity customers." PD at 85. The motivation behind the Joint Parties' original ask was to discern how many incentives were indeed going to customers in need. Given the PD's directive to shift equity customer qualification to low-income households (rather than neighborhoods within the "equity customer" definition), there is no longer any need for this additional reporting beyond what is in the TECH Public Reporting dataset.

[38] PD at 130–31.

3. The PD Must Increase Its Equity Allocation or Provide Additional Guardrails to Meet AB 157's Mandate of Equitable Benefits to Multifamily Building Residents.

The PD must increase the 40% equity allocation in order to meet the directives set by the legislature in AB 157. The PD integrates TECH's 40% minimum equity allocation into implementation of AB 157's $40 million allocation. However, the PD provides that these funds be allocated on a first come, first serve basis, which favors financially-backed, less complex, shovel-ready projects. In other words, projects for resourced, single-family customers. Further, the PD does not act on AB 157's mandate for funds to equitably benefit multi-family housing. The PD incorrectly states that "no party provided specific recommendations in this regard" while also recognizing that the Joint Parties' recommendation to expand the equity allocation would address this legislative intent.[39] To correct these errors, the PD should be revised either to direct a substantially greater portion of the $40 million provided by AB 157 to equity customers, who are more likely to be multi-family building residents, or at a minimum, designate a percentage of the budget that must benefit multi-family building residents.

4. To Meet Its Equity Objectives, the PD Should Be Revised to Immediately Extend TECH Eligibility to the San Fernando Valley, with the Aliso Canyon Disaster Area Continuing to Be Prioritized.

The Joint Parties appreciate the PD's efforts to implement AB 157's requirement to prioritize funds for communities within the Aliso Canyon Disaster Area. However, the PD's method of doing so—which would restrict funding to this small subset of communities entirely until June 30, 2027—undermines AB 157's equity goals, as the Aliso Canyon Disaster Area communities are on average more affluent than their surrounding communities in the San Fernando Valley, which contains numerous DACs and mobile home parks. Indeed, restricting funding in the San Fernando Valley to the Aliso Canyon Disaster Area until mid-2027 might make achievement of the 40% low-income household minimum threshold impossible. In lieu of this prescriptive approach, the PD should be revised to give TECH the discretion on how to prioritize Aliso Disaster Area communities. This could include extending funding eligibility to the San Fernando Valley from the outset, with the option for households within the specific Aliso Canyon Disaster Area to "skip the line" in applying for funds, in line with AB 157's mandate to prioritize funds for that area.

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[39] Compare *id.* at 81 (citing Joint Parties Opening Comments on AB 157 Ruling at 3), *with id*. at 101.

Setting the geographic scope of the program to the San Fernando Valley, as opposed to the entire SoCalGas service territory, and doing so from the outset of the program, has significant equity and administrability benefits. For example, the San Fernando Valley is large enough that it can include numerous disadvantaged and low-income communities in its approximately 1.5 million population, enabling TECH to reach its 40% equity mandate. Because the entire region fits within one "area," as defined by HUD, administration of the Commission's 80% AMI criterion will be straightforward to implement. For example, in marketing materials, TECH can point to one income threshold, rather than multiple thresholds, varying by geography, for qualification for higher equity incentives. In addition, because the San Fernando Valley is in LADWP service territory where electric rates are lower, electrification can better ensure significant customer bill savings.

Accordingly, the PD should be revised to focus AB 157 funding on the City of Los Angeles communities in the San Fernando Valley immediately (those listed in Appendix B) rather than to all customers within the SoCalGas service territory, with direction to TECH to still prioritize the more limited Aliso Canyon Disaster Area, such as through priority application processing, to ensure that all of the goals of AB 157 are addressed by the program.

5. To Enable TECH Implementers to Develop Programs that Maximize Customer and Climate Benefits and Comply with Reporting Requirements, the PD Should Be Revised to Require SoCalGas to Provide TECH With Hourly Residential Gas Demand Data.

The PD requires the TECH Initiative to report on estimated reductions in peak natural gas demand, including across "peak morning hours."[40] To enable this reporting and develop and implement a program that maximizes reductions in peak gas demand, the PD should be revised to clarify that SoCalGas must provide TECH with hourly load data for customers in the San Fernando Valley and Aliso Canyon Disaster Area. The PD should also explicitly allow the TECH implementer to prioritize certain households for incentives where gas demand reductions, equity benefits, and bill savings will be maximized. Given the limited available funding, explicit direction to develop programs that maximize benefits is all the more critical. This direction, coupled with the provision of hourly gas demand data, will enable TECH to do so.

III. CONCLUSION

The Joint Parties appreciate the opportunity to comment on the PD.

[40] *Id*. at 102.

Date: April 15, 2025.

Respectfully submitted,

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APPENDIX A

Revised Findings of Fact and Conclusions of Law

Findings of Fact

FOF #2. Service line upsizing is ~~often~~ rarely necessary to support installation of electric heating, cooking, and other appliances, which are required for full building electrification while recognizing that avoiding unnecessary service upsizing is a priority for the Commission, as it reduces costs, minimizes delays, and optimizes grid utilization.

Additional FOF after FOF #2: Buildings in ESJ Communities, including DACs, may disproportionately require service line or grid infrastructure upgrades to facilitate electrification due to historic patterns of disinvestment.

FOF #3. Failure to provide some cost relief for service line upsizing could disproportionately impact ~~under-resourced communities~~ low- and middle-income residential customers and small business~~es~~ customers, particularly those in disadvantaged areas, limiting access to equitable decarbonization benefits.

FOF #4. Allowing electric utilities to recover the cost of targeted service line upsizing through the rate base allows ~~under-resourced~~ low- and middle-income residential customers, as well as small business customers, to access the benefits of ~~more fully participate in~~ electrification and participate in electrification programs despite infrastructure cost barriers.

Additional FOF after FOF #4: Allowing electric utilities to recover the cost of targeted service line upsizing through the rate base corrects the inequitable policy of providing this benefit only to electric vehicle owners.

FOF #7. ~~Capping the total funding available for~~ Requiring utilities, customers, and contractors to implement strategies for avoiding unnecessary electric service line upsizing ensures financial

sustainability, prevents excessive ratepayer burden, and promotes equitable distribution of benefits.

~~FOF #8. Placing a per-project cap on single-family service upgrades allows the available funds to assist a greater number of eligible customers, including multi-family and small business projects.~~

FOF #9. Multiple ratepayer- and non-ratepayer-funded programs exist to assist ~~under-resourced~~ residential customers in electrification efforts, and removing the barrier of excessive service upsizing costs will facilitate each program's success. ~~utilizes its own criteria and verification process to determine income eligibility~~ ~~and qualification as an under-resourced customer~~.

Additional FOF after FOF #30: Builders have been on notice of the July 1, 2025 energization deadline set in D.23-12-037 since December 2023.

Additional FOF after FOF #38: AB 157 mandates prioritizing funds for efforts that reduce winter natural gas demand from the Aliso Canyon gas storage facility, accelerate heat pump deployment, and provide equitable benefits to multifamily building residents.

Additional FOF after FOF #38: Reducing gas usage in the San Fernando Valley communities surrounding the Aliso Canyon Disaster Area will reduce winter gas demand from the Aliso Canyon gas storage facility.

Additional FOF after FOF #40: Directing greater than 40 percent of funding exclusively to equity customers serves AB 157's requirement that funds provide equitable benefits to multifamily building residents.

Conclusions of Law

COL #1. It is reasonable and equitable to provide cost relief for ~~under-resourced~~ residential and small business customers to upsize their electric service lines to facilitate ~~full~~ building electrification.

COL #4. It is reasonable to extend common facility cost treatment to ~~under-resourced~~ residential and small business customers to ensure they receive the necessary support to overcome financial barriers to electrification.

COL #5. It is reasonable to offer common facility cost treatment starting July 1, 2025, and continuing through the end of 2029, under the parameters described in Section 4.3 of this decision~~, up to a per project cost cap of $10,000 to ensure the limited funding benefits and is made use of by the maximum number of customers~~.

~~COL #6. Requiring full electrification and termination of gas service as a condition for ratepayer-funded electric service upsizing is consistent with state decarbonization goals and prevents redundant infrastructure investments.~~

COL #9. It is reasonable to~~: (a) impose an annual funding cap for service line upsizing; (b) set a per-project funding cap for single-family homes; and (c)~~ establish this initial program for a four-year test period.

~~COL #10. It is reasonable to (a) adopt existing definitions of under-resourced customers from the programs providing electrification incentives, rather than establishing a separate definition, and (b) require that verification criteria from these programs be used to ensure consistent eligibility determination and administrative efficiency.~~

COL #13. It is unnecessary to limit common facility cost treatment to income-qualified customers or customers participating in electrification incentive programs. ~~require utilities to verify customer income directly, as income verification is already conducted through other electrification incentive programs~~.

COL #38. It is reasonable to extend the energization deadline for mixed-fuel new construction projects seeking electric line extension subsidies, set by OP 5 of D.23-12-037 (setting a deadline of 12 months after July 1, 2024), by adopting a ~~3~~6-month ~~extension~~ grace period to account for delays caused by factors beyond developers' control, such as material shortages, permitting

issues, and project complexities, thereby providing a new energization deadline of no later than ~~36~~ 18 months after July 1, 2024.

COL #47. It is reasonable to waive income verification requirements for households whose incomes have already been verified under the CEC's HEEHRA or EBD programs, as well as customers participating in CARE, receiving LIHEAP benefits, or participating in LADWP's EZ-SAVE Program.

COL #51. It is reasonable to allocate 100 percent of AB 157 funds to City of Los Angeles communities within the San Fernando Valley, with priority application status for buildings within the Aliso Canyon Disaster Area communities identified in AB 157. ~~the communities specified in the legislation until June 30, 2027, addressing the immediate needs of impacted communities, while allowing any remaining funds to be made available to other customers in SoCalGas service territory after June 30, 2027.~~

APPENDIX B

Suggested Areas for Inclusion in TECH for AB 157 Funding

Neighborhood Council Name	Population	Aliso Canyon Disaster Area	San Fernando Valley
ARLETA NC	34,933		Y
CANOGA PARK NC	47,610	Y	Y
CHATSWORTH NC	39,817	Y	Y
ENCINO NC	46,051		Y
FOOTHILL TRAILS DISTRICT NC	23,012		Y
GRANADA HILLS NORTH NC	25,142	Y	Y
GRANADA HILLS SOUTH NC	28,073	Y	Y
GREATER TOLUCA LAKE NC	12,181		Y
GREATER VALLEY GLEN COUNCIL	44,215		Y
LAKE BALBOA NC	43,219	Y	Y
MID-TOWN NORTH HOLLYWOOD NC	66,573		Y
MISSION HILLS NC	22,458		Y
NC VALLEY VILLAGE	22,748		Y
NOHO WEST NC	18,850		Y
NORTH HILLS EAST	40,579	Y	Y
NORTH HILLS WEST NC	20,660	Y	Y
NORTH HOLLYWOOD NORTHEAST NC	35,515		Y
NORTHRIDGE EAST	25,585	Y	Y
NORTHRIDGE SOUTH NC	32,525	Y	Y
NORTHRIDGE WEST	21,306	Y	Y
PACOIMA NC	69,476		Y
PANORAMA CITY NC	69,985		Y

PORTER RANCH NC	21,787	Y	Y
RESEDA NC	69,167	Y	Y
SHERMAN OAKS NC	66,486		Y
STUDIO CITY NC	35,233		Y
SUN VALLEY AREA NC	49,359		Y
SUNLAND-TUJUNGA NC	41,746		Y
SYLMAR NC	75,158		Y
TARZANA NC	36,092		Y
VAN NUYS NC	86,434	Y	Y
WEST HILLS NC	36,973	Y	Y
WINNETKA NC	51,260	Y	Y
WOODLAND HILLS-WARNER CENTER NC	68,837		Y

Total Population	590,136	1,429,043

Source: https://data.lacity.org/Community-Economic-Development/Census-Data-by-Neighborhood-Council/nwj3-ufba/about_data.