



FILED

09/10/25

04:59 PM

R2409012

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

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Safe and Reliable Gas Systems in California
and Perform Long-Term Gas System
Planning.

(U 39 G)

Rulemaking No. 24-09-012
(Issued October 4, 2024)

**REPLY COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) ON
ADMINISTRATIVE LAW JUDGES' RULING ON DESIGNATING PRIORITY
NEIGHBORHOOD DECARBONIZATION ZONES**

TARA S. KAUSHIK
JONATHAN D. PENDLETON
CHRISTOPHER J. WARNER

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (415) 971-8064
E-mail: Jonathan.Pendleton@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: September 10, 2025

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

Order Instituting Rulemaking to Establish
Policies, Processes, and Rules to Ensure
Safe and Reliable Gas Systems in California
and Perform Long-Term Gas System
Planning.

(U 39 G)

Rulemaking No. 24-09-012
(Issued October 4, 2024)

**REPLY COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) ON
ADMINISTRATIVE LAW JUDGES' RULING ON DESIGNATING PRIORITY
NEIGHBORHOOD DECARBONIZATION ZONES**

I. INTRODUCTION AND SUMMARY

Pacific Gas and Electric Company (PG&E) respectfully provides the following reply comments in response to the June 5, 2025, Administrative Law Judges' Ruling on designating Senate Bill (SB) 1221 priority neighborhood decarbonization zones (ALJs June 5 Ruling), and the Administrative Law Judges' Ruling Extending the Deadline for Reply Comments on Gas Corporations' Proposed Decarbonization Zones, issued on August 25, 2025.

PG&E appreciates the constructive, practical comments by local governments and community groups which discuss opportunities for community support and potential sources of non-ratepayer funding to solicit gas customer adoption of pilot decarbonization projects at the local level under SB 1221.¹ PG&E also agrees with NRDC/Sierra Club on the need for flexibility and project-specific, customer-centric information, outreach and promotion of decarbonization projects with further program authorization and guidance from the Commission.²

However, the Commission should reject Cal Advocates' recommendation that further

¹ See, e.g., generally, Comments of Association of Bay Area Governments and Ventura County (ABAB et al.); Central California Rural (CCR) Regional Energy Network (REN); Contra Costa County (Contra Costa); Marin Clean Energy (MCE); City and County of San Francisco (CCSF); Joint Community Choice Aggregators (Joint CCAs), filed on August 8, 2025.

² See, e.g., generally, Comments of Natural Resources Council and Sierra Club (NRDC/Sierra Club), filed on August 8, 2025.

updated SB 1221 mapping information should be required before Commission guidance and authorization of SB 1221 programs and pilot projects.³ Additional SB 1221 mapping requirements will further delay the utilities' responsibility for the actual identification, solicitation and implementation of specific SB 1221 pilot projects. The Commission should move forward now, without further delay, to provide detailed authorization for SB 1221 programs and pilot projects. The Commission's authorization should include expedited adoption of standards for cost-effectiveness, cost recovery, customer participation, and ratepayer and non-ratepayer funding of the costs of behind-the-meter customer electrification costs as previously recommended by PG&E.

II. DISCUSSION

A. PG&E Welcomes the Practical, Constructive and Flexible Comments of Local Governments and Community Groups for Commission Authorization and Implementation of SB 1221 Pilot Projects.

Most of the parties commenting on this stage of SB 1221 implementation are representatives of local governments and community groups which support, sponsor and/or participate in decarbonization and electrification goals and programs at the local level.⁴ Many of these parties have experience planning or implementing decarbonization projects of their own as part of local climate action or sustainability plans. PG&E itself already is engaging and partnering informally with many of these local groups to support the practical tasks of identifying, reaching out and soliciting customer participation on electrification and decarbonization initiatives, building on existing collaboration in PG&E's decades of local outreach and collaboration in California's energy efficiency, conservation and renewable energy programs.

PG&E supports these parties' recommendations for further participation with the utilities in identifying potential cost-effective SB 1221 pilot projects and assisting in soliciting customers

³ Comments of Cal Advocates, pp. 4- 8.

⁴ E.g, see, generally, comments of ABAG et al; CCR REN); Contra Costa; MCE; CCSF; Joint CCAs.

to implement affordable electrification projects in their homes, businesses and buildings with financial and technical support to defray the costs of the projects.⁵ PG&E is willing to enter into technical assistance and non-disclosure agreements to share more granular, street-by-street and customer-by-customer information to allow the local groups to help solicit and support customer participation in pilot projects. This will be key for the success of SB 1221 projects, particularly if fewer than 100 percent of customers consent to the pilot projects.⁶ PG&E also supports flexibility in the identification of potential decarbonization pilot projects within their jurisdictions, without further delaying Commission approval of the practical, flexible operational standards, schedule and cost-recovery of SB 1221 projects by attempting to impose geographical limits on decarbonization “zones” prior to identification of actual projects.

To move forward with practical and immediate collaboration with these local governments and community groups, PG&E will support the formation of technical and project planning alliances between each of the gas utilities and the local governments and community groups within their respective service areas. PG&E already has engaged with many of the local governments and local community groups in its service area to assist in identifying and promoting decarbonization projects and to identify non-ratepayer funds and “on the ground” assistance to implement SB 1221 and other decarbonization projects.

As recommended by these parties, PG&E requests that the Commission approve its flexible identification of priority decarbonization zones so that local support, equity-based need and other factors can be identified and specific decarbonization projects can be proposed for SB

⁵ Comments of ABAG et al, pp. 7- 8; Comments of CCR REN, pp. 3- 4; Comments of Contra Costa, pp. 1- 2, 4- 5; Comments of MCE, pp. 1- 4, Attachment; Comments of CCSF, pp. 4- 5; Comments of Joint CCAs, pp. 3- 5.

⁶ PG&E notes that several local government and community group customers are concerned that the utilities’ SB 1221 public maps do not provide sufficient information for actual, “on-the-ground” identification and solicitation of customer participation in cost-effective decarbonization pilot projects. (see comments of ABAG et al, p.8, and CCSF, pp.2- 3.) PG&E agrees, and PG&E urges the Commission to expeditiously approve the standard non-disclosure agreement for access to confidential SB 1221 potential pilot project location information recommended in the Joint Utilities’ Motion for Confidentiality filed July 1, 2025 in this proceeding.

1221, allowing selection and implementation to move forward without further delay.

B. PG&E Supports Sierra Club/NRDC's Recommendations for Refining SB 1221 Priority Decarbonization Zone Information and Implementation.

While generally supporting the need for flexibility in approving priority decarbonization projects based on cost-effectiveness, cost recovery and other SB 1221 criteria, Sierra Club and NRDC request that the gas utilities provide more detailed information on potential decarbonization project locations in their SB 1221 maps, such as number of gas meters by customer class, streets with planned projects, hydraulic feasibility screens for potential pipeline replacement projects, and street-specific locations of potential projects.⁷ PG&E is willing to collaborate with Sierra Club, NRDC and other interested parties to identify additional useful and relevant specific information on potential pilot projects that can be provided where practical, including use of census tract data that include at least one foreseeable pipeline replacement project that potentially meets some if not all the SB 1221 priority criteria, using the form of non-disclosure agreement proposed by the Joint Utilities in their July 1 Motion for Confidentiality.

As discussed in Section II.A, above, PG&E also agrees with the Sierra Club's and NRDC's recommendation that PG&E host "informational sessions" with interested community organizations, to enlist their support, assistance and collaboration to identify practical, community-based decarbonization projects for which the community organizations may be able to assist with customer recruitment and financial assistance for customer behind-the-meter costs.⁸

Sierra Club and NRDC, with their extensive experience with equity criteria for customer programs across California and the nation, support PG&E's concern about the precise types of equity metrics to use under SB 1221's equity criteria. PG&E agrees with NRDC's and Sierra Club's recommendation that U.S. Housing and Urban Development (HUD) low and moderate income data be considered in setting equity metrics for SB 1221, including using HUD census

⁷ Comments of Sierra Club/NRDC, pp. 1- 6.

⁸ Comments of Sierra Club/NRDC, p. 3.

block groups showing at least 50% of households in the area which earn less than 80% of average area median income.⁹

C. Cal Advocates' Request for Additional SB 1221 Mapping Information Is Unnecessary and Will Delay SB 1221 Pilot Projects.

Cal Advocates opposes PG&E's and the other utilities' recommendations for flexible identification of priority decarbonization zones.¹⁰ Instead, Cal Advocates argues that all priority neighborhood zones must be identified using the limiting criteria in SB 1221, and that no other standards or implementation guidance for SB 1221 projects, such as cost effectiveness criteria, cost allocation, cost recovery, project selection criteria or protocols for customer consent, can be considered by the Commission until the limits on priority neighborhood zones are approved by the Commission.¹¹ Cal Advocates also argues that additional changes to the SB 1221 maps requested by Cal Advocates must be approved and implemented by the utilities prior to future consideration and authorization of utility SB 1221 programs and pilot projects.¹²

PG&E understands and appreciates Cal Advocates' desire for more empirical and prescriptive designation of priority neighborhood zones under the SB 1221 statutory criteria; PG&E and Cal Advocates share the goal of designing and implementing SB 1221 programs that meet the broad reasonableness and affordability criteria in SB 1221. However, as is usual with statutory criteria for Commission and utility programs, the Commission is delegated reasonable discretion to interpret the multiple policy criteria adopted by the Legislature to implement regulation and supervision of utility programs. SB 1221 is no different; the Legislature expressly reaffirmed this flexibility in Public Utilities Code Section 451.9(c), enacted as part of SB 1221, which provides that "This section does not modify the authority of the commission to determine adequate, efficient, just and reasonable service."¹³

⁹ Comments of Sierra Club/NRDC, p. 4.

¹⁰ Comments of Cal Advocates, pp. 2- 4.

¹¹ Comments of Cal Advocates, p. 4.

¹² Comments of Cal Advocates, pp. 4- 7.

¹³ Public Utilities Code Section 451.9(c).

Contrary to Cal Advocates, the Commission has full authority to provide flexibility in the designation of priority decarbonization zones under SB 1221, and to move forward expeditiously with determining SB 1221 cost-effectiveness, cost recovery, priority criteria and standards for customer consent without further delay.

III. CONCLUSION

PG&E appreciates the opportunity to provide these reply comments on the ALJs' June 5 Ruling and looks forward to further collaboration with Commission staff and interested parties, local governments, community groups and other stakeholders in order to meet SB 1221's statutory intent, goals and criteria.

Respectfully Submitted,

By: /s/ Jonathan D. Pendleton
JONATHAN D. PENDLETON

Pacific Gas and Electric Company
Law Department, 19th Floor
300 Lakeside Drive, Suite 210
Oakland, CA 94612
Telephone: (415) 971-8064
E-mail: Jonathan.Pendleton@pge.com

Dated: September 10, 2025

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY