

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

ENERGY DIVISION

RESOLUTION E-5352

December 19, 2024

**R E S O L U T I O N**

Resolution E-5352: Resolution addressing Advice Letter 5331-E, Advice Letter 7320-E, and Advice Letter 4468-E submitted by Southern California Edison Company on behalf of itself, Pacific Gas and Electric Company, and San Diego Gas & Electric Company to provide guidance on how to determine eligibility for electric line extension subsidies for mixed-fuel new construction projects.

PROPOSED OUTCOME:

- CPUC provides guidance on determining eligibility for electric line extension subsidies for mixed-fuel new construction projects consistent with Decision 23-12-037.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no estimated costs associated with this resolution.

By SCE AL 5331-E, PG&E AL 7320-E, and SDG&E AL 4468-E filed on July 9, 2024

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**SUMMARY**

In Decision (D.) 23-12-037 (Phase 3B Decision) of Rulemaking (R.) 19-01-011, the California Public Utilities Commission (CPUC or Commission) directed elimination of electric line extension subsidies for mixed-fuel new construction projects (i.e., new construction projects that use gas and/or propane in addition to electricity) and set reporting requirements. It directed elimination of electric line extension allowances, the 10-year refundable payment option, and the 50 percent discount option in current

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investor-owned utility electric line extension rules for mixed-fuel new construction, effective July 1, 2024. The utilities, including Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E) (collectively “the Joint IOUs”), state that they have encountered several issues while implementing the decision, specifically defining the eligibility of electric line extension subsidies for mixed-fuel new construction projects. This resolution provides clarification and guidance on the concerns shared by the Joint IOUs.

## **BACKGROUND**

The Commission issued the Phase 3B Decision in December of 2023 to eliminate electric line extension subsidies for mixed-fuel new construction projects effective July 1, 2024. The Joint IOUs faced several questions from customers concerning the classification of new construction projects as mixed-fuel or all-electric. SCE, on behalf of itself, PG&E, and SDG&E filed AL 5331-E, AL 7320-E, and AL 4468-E on July 9, 2024 requesting that the CPUC provide guidance on how to determine eligibility for electric line extension subsidies for mixed-fuel new construction projects (i.e., new construction projects for buildings intended to use gas and/or propane in addition to electricity).

The Joint IOUs reported concerns while implementing the decision on the following topics:

1. How to determine or classify whether a new construction project is mixed-fuel or all-electric?
2. Line extensions are governed either by Rule 15 (pertaining to distribution lines) or Rule 16 (pertaining to service lines) while the IOUs design the scope of residential, commercial, and agricultural projects as either one main project or multiple separate projects and/or phases, which could be: i) Rule 15 distribution line extension (also known as backbone), ii) Rule 15/16 distribution/service line combination project, iii) Rule 16 service line extension project. As such, the IOUs are facing issues in classifying the new construction project.
3. Customers are asking the IOUs to interpret a variety of items that affect determination of whether a project is mixed-fuel. The Joint IOUs shared 14 sample questions asked by customers, which include issues like:
  - Deadline of Energization
  - Clarification on Propane Size and Standards

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- Defining and interpreting a “building”
- Classification of multi-level mixed-use building
- Interpreting phases in a project
- Consideration of an application under a project
- Whether gas lines can be in the same trench as subsidized electric lines
- Deadline of contracts and invoices for dual-fuel utilities

The Joint IOUs also seek guidance for two hypothetical scenarios:

1. Example Scenario 1: The IOU receives a Rule 15 line extension request from a customer that will have gas and electricity and will serve multi-tract residential development. Rule 15 “backbone” line extension will serve future Rule 16 service extension for all-electric homes and gas for communal areas (pool house, recreation center). The Joint IOUs request guidance on whether Rule 15 electric line extension should remain eligible for subsidies (based on limited end use of gas in communal areas) or should be ineligible based on the extension of a gas line supplied to the same end use project as the electric line?
2. Example Scenario 2: The IOU receives a request from a customer to install a combined Rule 15/16 distribution line and service extension that will serve residential development with a single tract, with all-electric services to the new homes and mixed-fuel extension to a communal area, same as scenario 1. The Joint IOUs request guidance on whether a full project should be treated as mixed-fuel based on the use of a shared tract.

The Joint IOUs expressed these concerns in identifying the mixed-fuel new construction projects. The Phase 3B decision did not provide specific guidance on classifying whether a new construction project is mixed-fuel or all-electric.

Per General Order 96-B, Rule 7.6.1, an advice letter is subject to Industry Division (in this matter, Energy Division) staff disposition so long as a technically qualified person could determine objectively whether the proposed action has been authorized by the statutes or Commission orders cited in the advice letter. Whenever an advice letter disposition requires more than ministerial action from staff, the disposition of the advice letter on the merits will be by Commission resolution.

## **NOTICE**

This resolution was shared with the Joint IOUs and served on the R.19-01-011 service list on November 14, 2024.

## **PROTESTS**

AL 5331-E, AL 7320-E, and AL 4468-E were protested by the California Building Industry Association (CBIA) on July 16, 2024.

In their protest, CBIA argues that SCE is interpreting the term “new construction” too conservatively by applying it on a “development-wide” basis instead of a “building-by-building” basis when determining eligibility for electric extension subsidies. CBIA finds this interpretation contrasts with the Phase 3B Decision, which follows the California Energy Commission's (CEC) historical building-by-building interpretation. CBIA believes that adopting SCE’s approach could prevent builders from receiving subsidies for all-electric homes and might inadvertently encourage the use of gas, which contradicts California's policy goals for clean energy. Therefore, CBIA requests that the Commission clarify that “new construction” should be evaluated on a building-by-building basis to ensure fair subsidy allocation and promote the transition to all-electric homes.

CBIA shared the responses to the questions posed by the Joint IOUs in their AL. Their response addressed issues like interpretation of what constitutes a “building,” classification of multi-level mixed-use developments, project type and sector for subsidy qualification, project phase consideration, and trenching for gas and electric lines.

## **Response to Protest**

SCE responded to the protest by CBIA on August 5, 2024. SCE seeks clarification from the Commission regarding Rule 15/16 subsidies, particularly in large developments that include both mixed-fuel and all-electric buildings. SCE raises the key issue as determining how to classify such new construction projects, especially when Rule 15 involves common electric and gas distribution lines, which SCE treats as mixed-fuel and, therefore, ineligible for subsidies.

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SCE clarifies that their current approach aligns with Phase 3B Decision and its goal of reducing greenhouse gas emissions by 40% below 1990 levels by 2030. SCE interprets the Phase 3B Decision by analyzing each project separately to determine whether gas lines are extended and if subsidies are applicable. To ensure that subsidies are only granted for all-electric new construction, SCE encourages applicants to break down their projects into phases and provide attestations confirming whether each phase is all-electric or mixed-fuel. SCE believes that this approach will allow it to apply Phase 3B Decision's goals accurately.

## DISCUSSION

The Joint IOUs request clarity on 16 specific considerations. We address each consideration individually below.

1. *Do the electric projects only need to be energized by July 1, 2025?*

Ordering Paragraph (OP) 5 of the Phase 3B Decision requires that a developer of a mixed-fuel new construction project that submitted an application for an electric line extension and has both paid the invoice and successfully completed a signed contract with the electric IOU as of July 1, 2024 must energize that new construction project no later than 12 months after July 1, 2024 in order to receive electric line extension subsidies. This requirement pertains solely to electric line extensions. **If a mixed-fuel new construction project successfully completes electric energization within the 12-month window but has not successfully completed the build-out and pressurization of its new gas infrastructure, the new construction project remains eligible for electric line extension subsidies.**

OP 5(c) of the Phase 3B Decision states that a new construction project must be “field complete/energized no later than 12 months after July 1, 2024.” **The Commission uses “field complete/energized” to indicate that the two terms (i.e., “field complete” and “energized”) have the same meaning.** Not all electric IOUs, however, may treat the two terms as synonymous.

According to PG&E, the terms “field complete” and “energized” are *not* synonymous. PG&E considers “field complete” to refer to when the installation of the applicant's components has been approved and inspected by the relevant permitting agency, or PG&E. This, according to PG&E’s interpretation, occurs before the system is

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"energized," which means that the system is successfully connected to the electric grid and capable of delivering electricity to a premise.<sup>1</sup>

According to SCE, "field complete" means that all electrical infrastructure has been installed, energized, and is ready to supply power to the customer. SCE considers the terms "field complete" and "energized" to have the same meaning, indicating that the system is energized and the meter is set.<sup>2</sup>

SDG&E shares the same general understanding as SCE that "field complete" and "energized" have the same meaning. SDG&E uses the term "ready for service," which reflects energization, as a building can be ready for tenants, even if no tenants are actively using energy at the time of completion.<sup>3</sup>

**The Commission clarifies that "field complete/energized" should be understood to be consistent with SDG&E's "ready for service" term.** As such, a new construction project is considered "field complete/energized" when the installation of electric infrastructure is complete and ready to serve a building occupant. **There need not be a building occupant actively receiving electric service for the new construction project to be considered "field complete/energized."**

2. *What type of propane is included in the decision? Are small, portable cylinders included? Since the Joint IOUs do not supply propane, the CPUC should provide clarification on propane size standards and end-uses that impact electric subsidies. Specifically, standards should differentiate between portable propane used for recreational purposes (e.g., grill, fire pits, pools, hot tubs, etc.) and propane connected to a utility infrastructure.*

The Commission previously provided guidance on propane use as part of D.21-11-002. Appendix D.II.3 of D.21-11-002 states that a customer should be considered to be a propane user if that customer "uses propane to power any appliance other than an outdoor gas grill."<sup>4</sup> Thus, **a new construction project that uses propane to power any appliance other than an outside grill is considered to be mixed-fuel and is not eligible for electric line extension subsidies after July 1, 2024.**

The Commission did not provide any guidance on propane usage beyond stating that it will cover everything except outdoor gas grills. **Clarifications regarding permissible**

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<sup>1</sup> PG&E e-mail correspondence with Energy Division staff, 9/11/2024.

<sup>2</sup> SCE e-mail correspondence with Energy Division staff, 9/11/2024.

<sup>3</sup> SDG&E e-mail correspondence with Energy Division staff, 9/12/2024.

<sup>4</sup> D.21-11-001, Appendix A-E. See:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M421/K770/421770284.PDF>.

**cylinder sizes, types of propane, and end uses are not appropriate to determine in a CPUC Resolution and should instead be taken up as part of R.19-01-011.** The Joint IOUs – or any other party – may file a petition to modify the conditions under which propane use is permissible for determining eligibility for electric line extension subsidies. In the interim, utilities shall request that developers specify in their applications for new construction projects whether the building to be constructed will be powering any appliance with propane other than an outdoor gas grill. Any new construction project that is to be powered by propane for anything other than an outdoor gas grill shall be considered to be mixed-fuel and is therefore not eligible for electric line extension subsidies.

3. *Should “building” be interpreted broadly to include multiple service types (i.e., multi-family, single family, agriculture, commercial, etc.) that could be included in a single application/contract, or should “building” be interpreted to literally mean one building? If “building” is narrowly interpreted, how should the decision be applied to service types that do not meet that strict definition?*

The Phase 3B Decision specifies that “new construction” is synonymous with the definition of “newly constructed building” provided in the 2022 CEC Building Energy Efficiency Standards (i.e., “a building that has never been used or occupied for any purpose”).<sup>5</sup> The 2022 CEC Building Energy Efficiency Standards further specify that a “building” is “any structure or space covered by Section 100.0 of the Building Energy Efficiency Standards.”<sup>6</sup> As such, **a “building” is understood to be a single structure or space, and a “new construction project” encompasses all planning and execution undertaken to construct a new building.**

In their protest, CBIA requests that the Commission clarify that determining the eligibility for electric line extension subsidies depends on defining new construction on a building-by-building basis and not on a development-wide basis.<sup>7</sup> SCE’s response to CBIA’s protest notes that CBIA’s request is already current operational practice for SCE:

“Interpreting the Phase 3B Decision in accordance with its goals, SCE treats each project request separately for purposes of analyzing whether gas lines are extended and subsidies are available. Applicants who extend gas distribution

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<sup>5</sup> D.23-12-037 at 18.

<sup>6</sup> See: [https://www.energy.ca.gov/sites/default/files/2022-12/CEC-400-2022-010\\_CMF.pdf](https://www.energy.ca.gov/sites/default/files/2022-12/CEC-400-2022-010_CMF.pdf).

<sup>7</sup> CBIA Protest to AL 5331-E, AL 7320-E, and AL 4468-E.

lines usually do so to make gas available to some or all buildings within the project or development. To ensure SCE's customers receive subsidies only for all-electric new construction, SCE has encouraged applicants to separate projects and provide an attestation for each separate project, based on the phasing and timing of their project and whether the project or work order itself is all-electric or mixed-fuel. For instance, Rule 15 distribution line extensions may be created first without connected service facilities or Rule 16 service extensions, and followed by separate Rule 15 distribution line extensions / Rule 16 service connection in later phases. At each phase, the applicant would attest to whether the project is mixed-fuel."<sup>8</sup>

**The Commission clarifies that an application to initiate an electric line extension for new construction can include multiple new construction projects of multiple service types in the same application.** Applications for an electric line extension that include both mixed-fuel new construction projects and all-electric new construction projects can and should be separated such that electric line extension subsidies are denied to the mixed-fuel new construction projects but still given to the all-electric new construction projects.

4. *How should "building" be defined in order to qualify for the electric Rule 15/16 subsidy? Is the determination based on whether the fuel (gas and/or propane) serves a newly constructed building with four walls or a stand-up, stand-alone meter pedestal?*

As noted previously, a "building" is "any structure or space covered by Section 100.0 of the Building Energy Efficiency Standards"<sup>9</sup> and a "new construction project" encompasses all planning and execution undertaken to construct a new building.

**Because new construction projects are generally intended to ultimately result in the construction of a new building, the work performed to extend an electric line to a property shall be treated as serving a building regardless of whether construction of the building is complete at the time that the electric line extension work is undertaken and/or completed.**

**Electric line extension subsidies shall not be granted unless the applicant has attested that they know the tenant types, that they know the type of fuel that will be used in**

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<sup>8</sup> SCE Reply to CBIA Protest to AL 5331-E, AL 7320-E, and AL 4468-E at 3.

<sup>9</sup> See: [https://www.energy.ca.gov/sites/default/files/2022-12/CEC-400-2022-010\\_CMF.pdf](https://www.energy.ca.gov/sites/default/files/2022-12/CEC-400-2022-010_CMF.pdf).



**the units, and that they affirm that gas will not be stubbed to the property and/or that the property will not be designed in anticipation of receiving pressurized gas service.**

**Both stand-up electric meter panels (i.e., free-standing meter panels on concrete with permanent electric service) for agricultural fields and pedestals (used for street lighting, sprinklers, cameras, etc.) shall be excluded from receiving electric line extension subsidies if installed as part of a new construction project for which the applicant cannot make the aforementioned attestations.**

5. *Does it matter whether the project is residential, commercial, or agricultural, or a combination of any building sectors? (e.g., multi-level mixed-use building with first floor as commercial retail and top levels as residential units.)*

The Phase 3B Decision pertains to electric line extensions for all new construction and does not provide special treatment for specific types of buildings or combinations thereof unless the building is exempt from subsidy elimination pursuant to the conditions outlined in OP 4. **In the case of mixed-use development, if, for example, the first floor consists of mixed-fuel commercial units and the top levels consist of all-electric residential units, the all-electric residential units shall be considered as separate new construction projects if the residential units have separate building/site addresses from the commercial units below them.**

6. *If there is a large project with multiple service types in one application, with some service types being all electric and other service types that may include gas, would the all-electric components qualify for subsidies? For example, if a residential tract has 1,000 all-electric homes with a gas line serving only the community pool house; or if a mixed-use mid/high rise building with all electric multi-family units has some commercial components (i.e. first floor restaurant, etc.) with limited all-electric options that may necessitate the use of gas, would the applicant qualify for electric Rule 15/16 subsidy?*

Under the residential tract scenario articulated in the question, the 1,000 all-electric homes would be treated as individual new construction projects and would qualify for electric line extension subsidies while the community pool house would be ineligible for electric line extension subsidies. Under the mixed-use development scenario articulated in the question, any residential or commercial space that is all-electric would similarly qualify for electric line extension subsidies. **The only scenario in which all-electric new construction would not qualify for electric line extension subsidies is if the property is stubbed for gas service (i.e., a gas service line extends from the gas**

**distribution main to the property) and/or designed in anticipation of receiving pressurized gas service, so as to facilitate the future use of gas within a property. A property stubbed for gas service shall be considered mixed-fuel even if it lacks a riser and a gas meter and is not initially planned or built to receive gas service.**

SCE provides a hypothetical example of a mixed-use development in which 15 all-electric residential units sit atop two mixed-fuel commercial units, stating that “if the Draft Resolution is adopted as written, SCE will separate this property into two work orders, one for the 15 all-electric residential units and another for the 2 mixed-fuel commercial units.”<sup>10</sup> They add that the “15 all-electric residential units work order would contain the total cost of the project minus the mixed fuel units, and would receive subsidies, whereas the 2 mixed-fuel commercial units would only pay for the cost of 2 commercial meters.”<sup>11</sup> This is an acceptable way to determine cost apportionment. **Because D.23-12-037 did not specify how to apportion costs between all-electric and mixed-fuel units in a mixed-use development, cost apportionment shall be at the discretion of the electric IOU unless otherwise directed in the future.**

7. *Is the determination based on whether the phases and work orders of the project are being separated individually or managed as one main project?*

As explained above, a single application for an electric line extension may contain multiple new construction projects. **If an application for an electric line extension contains a combination of mixed-fuel new construction projects and all-electric new construction projects, the electric IOU shall grant electric line extension subsidies to any all-electric new construction projects included in the application that do not stub for gas service.**

8. *If a project has multiple phases, can each phase be considered its own project?*

The Phase 3B Decision did not define what constitutes a “phase” or specify conditions under which phasing could impact eligibility for electric line extension subsidies. **If “phase” is understood to mean the sequence in which electric lines are extended to new construction projects, the sequencing is irrelevant to eligibility for electric line extension subsidies.** Electric line extension subsidies shall only be provided to all-electric new construction projects that do not stub for gas service and/or are not designed in anticipation of receiving pressurized gas service, regardless of what phase

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<sup>10</sup> SCE Comments on Draft Resolution E-5352 at 2.

<sup>11</sup> *ibid.*

those all-electric new construction projects occur in. However, if a single application is to be completed in phases, and there are different types of projects (e.g., both all-electric and mixed-fuel projects) across the various phases, those details must be provided by the applicant to the electric IOU in the application with building/site addresses and respective project types specified for the different projects.

9. *If a project is mixed use with both commercial and residential, can they each be their own project?*

A mixed-use development shall treat residential units and commercial units as separate new construction projects so long as the separate units also have separate building/site addresses.

10. *Is each application considered its own project?*

A single application may consist of one or more new construction projects. OP 2 of the Phase 3B Decision pertains solely to “mixed-fuel new construction” (i.e., “building projects that use gas and/or propane in addition to electricity”<sup>12</sup>). The Phase 3B Decision differentiates between a new construction project and an application for new construction by stating that an application is the procedural medium used by applicant builders to “initiate interconnection for new construction.”<sup>13</sup> As such, the “application” and the new construction “project” are two separate but related terms.

11. *Is the determination based on whether the fuel line is connected to a meter, or whether the line is pressurized? For example, if a customer installs natural gas infrastructure onsite, but it is not operational at the time of the application, would the customer qualify for electric Rule 15/16 subsidies?*

The determination of what constitutes a mixed-fuel new construction project is based on whether or not the building is stubbed for gas service and/or is designed in anticipation of receiving pressurized gas service. In the given example, the building would be considered to be mixed-fuel new construction and the customer would not qualify for electric line extension subsidies after July 1, 2024 because the building is stubbed for gas service and is designed in anticipation of receiving pressurized gas service.

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<sup>12</sup> D.23-12-037 at 5.

<sup>13</sup> *ibid.*

12. *Can gas lines be in the same trench as subsidized electric lines? Does it make a difference if utilities are in the same/joint trench, parallel trench, or a separate Trench?*

The Phase 3B Decision does not prohibit subsidized electric lines from being in the same trench as gas lines. As such, gas lines can be in the same trench as subsidized electric lines. The presence of a gas line in the same trench as an electric line would only disqualify an otherwise all-electric new construction project from receiving electric line extension subsidies if that new construction project site was stubbed for gas service (even if it lacks a gas meter and the building is not built to receive gas service) and/or designed in anticipation of receiving pressurized gas service.

13. *For dual-fuel utilities, as gas subsidies have already been eliminated per D.22-09-026, do both the gas contract and the electric contract need to be signed by July 1, 2024?*

OP 5(b). of the Phase 3B Decision states, “The electric utility contract was signed and received by the electric utility as of July 1, 2024.” **The Phase 3B Decision only applies to electric utilities, so it only requires the electric line extension application to be completed as of July 1, 2024. The date by which a corresponding gas line extension application is completed is irrelevant unless both the gas line extension request and the electric line extension request are included in the same application to a dual-fuel IOU, in which case the dual-fuel IOU’s existing practices shall dictate whether or not both the gas and electric components of the application must be completed simultaneously. If a dual-fuel IOU requires that both gas and electric projects included in the same application need to be paid for at the same time, that is a permissible requirement that is not precluded by D.23-12-037.**

14. *For dual-fuel utilities, as gas subsidies have already been eliminated per D.22-09-026, do both the gas invoice and the electric invoice need to be paid by July 1, 2024?*

See response to Question 13. The dual-fuel IOU’s existing practices shall dictate whether or not both the gas and electric components of a line extension application must be completed simultaneously.

15. *Example Scenario 1 - Rule 15 Standalone Backbone Mixed-Fuel: IOU receives a request from a customer for a Rule 15 line extension backbone that will have gas and electricity that will serve a multi-tract residential development. At the time of construction, the backbone will not have a direct end use or Rule 16 service extensions installed. The*

*backbone's purpose is to serve future Rule 16 service extensions for homes that will be all-electric and communal areas (e.g., pool house/recreation center) that will be mixed-fuel. In this scenario, gas is used only in these communal areas, not in the homes.*

*The Joint IOUs request guidance on whether the Rule 15 electric line extension should remain eligible for subsidies (based on the limited end uses of gas) or should be ineligible based on the extension of the gas line supplied to the same end use project as the electric line.*

In their protest, CBIA states that denying electric line extension subsidies in Example Scenario 1 would amount to developers being “punished for using one trench to include both utility options”<sup>14</sup> and that it would eliminate what would otherwise be a powerful financial incentive for the developer to opt for all-electric new construction. SCE responds to CBIA by saying that “if gas line extensions are part of a project scope, SCE treats the project as mixed-fuel and determines that the project is ineligible for extension subsidies.”<sup>15</sup>

**The Commission clarifies that the key factor in determining whether a new construction project is built with a clear intent to use gas is not the presence of a gas line located in the same trench as an electric line, but rather if the new construction project is stubbed for gas service and/or is designed in anticipation of receiving pressurized gas service.** All-electric new construction is not typically stubbed for gas service, but examples do exist. For example, in D.23-04-057 the Commission gave mobilehome park residents in the community of Santa Nella the option to fully electrify at no out-of-pocket cost while also mandating in OP 4 that all mobilehome park lots be stubbed for gas service. While the Santa Nella example is not a new construction project, it is nevertheless illustrative of a scenario that could be replicated in new construction projects.

Under Example Scenario 1, the electric IOU must ascertain from the developer whether it is truly only the pool house/recreation center that will be stubbed for gas service (and/or designed in anticipation of receiving pressurized gas service) or whether any of the other all-electric new construction projects located along the route of the new gas distribution main serving the pool house/recreation center will also be stubbed for gas (and/or designed in anticipation of receiving pressurized gas service). **If an all-electric**

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<sup>14</sup> CBIA Protest to AL 5331-E, AL 7320-E, and AL 4468-E at 4.

<sup>15</sup> SCE Reply to CBIA Protest to AL 5331-E, AL 7320-E, and AL 4468-E at 2.

**new construction project will not be stubbed for gas and/or designed in anticipation of receiving pressurized gas service, it shall be entitled to the electric line extension subsidy even if the backbone for multi-tract residential development includes both a gas line and an electric line. However, if a developer cannot attest as to whether a new construction project located along the route of a new gas distribution main will or will not be stubbed for gas service and/or designed in anticipation of receiving pressurized gas service, that new construction project shall be considered mixed-fuel.**

While this hypothetical scenario would result in additional gas infrastructure build-out, it is unlikely to be a common scenario moving forward. New buildings in the South Coast Air Basin must be built using zero-emission pool heating starting January 1, 2028,<sup>16</sup> and zero-emission appliance standards covering the whole state are anticipated to be adopted in the near-future by the California Air Resources Board.<sup>17</sup> Additionally, Section 110.4 and Section 110.5 of the pending 2025 CEC Building Energy Efficiency Standards<sup>18</sup> put California on course for rapid adoption of heat pump pool heaters and solar pool heaters that do not rely on gas as an energy source. The 2025 CEC Building Energy Efficiency Standards will take effect on January 1, 2026.

*16. Example Scenario 2 - Rule 15/16 Line & Service Extension: IOU receives a request from a customer to install a combined Rule 15/16 line & service extension from the backbone that will serve a new residential development with a single tract, with all-electric services to the new homes and a mixed-fuel service extension to a communal pool/recreation center. In this scenario, similar to Scenario 1, gas is used only in these communal areas, not in the homes.*

*The Joint IOUs request guidance on whether the full project should be treated as mixed fuel based on the use of a shared tract.*

See response to Example Scenario 1. Only the communal pool/recreation center should be denied electric line extension subsidies.

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<sup>16</sup> See: [https://www.aqmd.gov/docs/default-source/rule-book/recent-rules/r1146\\_2-060724.pdf?sfvrsn=8](https://www.aqmd.gov/docs/default-source/rule-book/recent-rules/r1146_2-060724.pdf?sfvrsn=8).

<sup>17</sup> See: <https://ww2.arb.ca.gov/our-work/programs/zero-emission-space-and-water-heater-standards>.

<sup>18</sup> See: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=255315-2>.

## CONCLUSION

An application submitted to an electric IOU for an electric line extension may include one or more new construction projects. For the purpose of determining whether a new construction project is eligible for electric line extension subsidies pursuant to the Phase 3B Decision, an all-electric new construction project shall only be treated as mixed-fuel if it is stubbed for gas service (even if the building lacks a gas meter and is not built to receive gas service) and/or designed in anticipation of receiving pressurized gas service. The presence of a gas line in the same trench as an electric line that serves a new construction project does not make that new construction project ineligible for electric line extension subsidies.

## COMMENTS

Public Utilities Code Section 311(g)(1) provides that this resolution must be served on all parties to R.19-01-011 and subject to at least 30 days public review. Comments were due 20 days from the mailing date of this resolution. Public Utilities Code Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding. Interested stakeholders do not need to have party status to submit comments on the resolution.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed for comments and placed on the Commission's agenda no earlier than 30 days from its mailing date.

Comments were received from the following nine stakeholders: (1) Brookfield Properties, (2) Building Industry Association of the Bay Area, (3) Building Industry Association of San Diego County, (4) CBIA, (5) Lewis Group of Companies, (6) PG&E, (7) Pulte Group Inc., (8) SCE, and (9) Sunrun.

Brookfield Properties, Building Industry Association of the Bay Area, Building Industry Association of San Diego County, CBIA, Lewis Group of Companies, Pulte Group Inc., and Sunrun all support the resolution as written and do not recommend any specific modifications. A common theme of all supporting comments is the importance of

clarifying that electric line extensions should be assessed on a building-by-building basis, and that electric lines can share the same trench as gas lines without losing eligibility for electric line extension subsidies.

SCE requests that the word “premise” be replaced with the word “property” in two separate sentences of the resolution, and that the word “building” be replaced with the word “property” in another two sentences of the resolution. They explain that the term “premises” is “defined in Rule 1 and refers to a building, property, and single enterprise”<sup>19</sup> and that the Commission should consider using the word “property” “as an electric line gets extended to and within a property, along with the mixed-fuel conduit that may get stubbed within that property, or to a building.”<sup>20</sup>

SCE further requests that the resolution clarify who would pay the cost of the electric facilities for a mixed-use building with both all-electric and mixed-fuel units. They state that they would interpret the resolution such that a mixed-use building with 15 all-electric residential units and two mixed-fuel commercial units would be treated such that the “15 all-electric residential units work order would contain the total cost of the project minus the mixed fuel units, and would receive subsidies, whereas the 2 mixed-fuel commercial units would only pay for the cost of 2 commercial meters.”<sup>21</sup>

Finally, SCE requests that the resolution explain how to handle electric line extension requests where it is unknown whether gas will be stubbed. They recommend “clarifying that subsidies will not be granted unless the customer has attested that they know the tenant types, the type of fuel that will be used in the units, and that gas will not be stubbed to the property.”<sup>22</sup> SCE also requests clarification regarding “how to treat Projects where stand-up electrical meter panels (i.e., free standing meter panels on concrete with permanent electric service) are installed in agricultural fields and/or pedestals used for street lighting, sprinklers, and cameras, yet not directly attached to a building.”<sup>23</sup>

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<sup>19</sup> SCE Comments on Draft Resolution E-5352 at 2.

<sup>20</sup> *ibid.*

<sup>21</sup> *ibid.*

<sup>22</sup> SCE Comments on Draft Resolution E-5352 at 3.

<sup>23</sup> *ibid.*



PG&E recommends modifications to eight of the 16 questions posed in the original advice letter filings. Regarding Question 1, they recommend requiring that both the gas components and electric components of a project be pressurized/energized by D.23-12-037's energization deadline. Regarding Question 5, PG&E "strongly opposes the use of meter sets to determine anything regarding [D.23-12-037]." <sup>24</sup> Regarding Question 8, they state that if a project has multiple phases, "it is possible for each phase to be considered its own project, but only if the applicant identifies this at the time of application and only if the smallest possible phase requested is based on a building/site address and not meters." <sup>25</sup> Regarding Question 9, PG&E reiterates the same concern expressed in response to Question 5. Regarding Question 10, they note that each application submitted can generate multiple projects and "recommend that the minimum sized project be a building/site address." <sup>26</sup> Regarding Question 11, PG&E states their belief "the definition of mixed fuel should be determined on whether the main and/or service has been pressurized, regardless of if the service has been stubbed or not" <sup>27</sup> and that the build-out of gas infrastructure should not qualify a building as mixed-fuel if that gas infrastructure is providing backup generation for an otherwise all-electric building. Regarding both Question 13 and Question 14, they "recommend that both gas and electric projects need to be paid and signed by July 1, 2024 to maintain electric line subsidies." <sup>28</sup>

These comments are addressed in the Discussion section of this Final Resolution, and corresponding changes have been made in other sections.

## **FINDINGS**

1. On July 9, 2024, SCE, on behalf of itself, PG&E, and SDG&E filed AL 5331-E, AL 7320-E, and AL 4468-E on Joint Utility Request for Clarification on Phase 3B Decision in Building Decarbonization Rulemaking. Energy Division Staff suspended the advice letters on July 15, 2024, as the advice letter did not provide any solutions.
2. The Advice Letters filed by the Joint IOUs were protested by CBIA on July 16, 2024.

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<sup>24</sup> PG&E Comments on Draft Resolution E-5352 at 1.

<sup>25</sup> PG&E Comments on Draft Resolution E-5352 at 2.

<sup>26</sup> *ibid.*

<sup>27</sup> *ibid.*

<sup>28</sup> PG&E Comments on Draft Resolution E-5352 at 3.

SCE AL 5331-E, PG&E AL 7320-E, and SDG&E AL 4468-E/GCH

3. Energy Division Staff recommended resolving these Tier 2 Advice Letters with a resolution because, per General Order 96-B, Rule 7.6.1, whenever an Advice Letter disposition requires more than ministerial action from staff, the disposition of the Advice Letter on the merits will be by Commission resolution.
4. This resolution provides guidance to the Joint IOUs on the questions they posed in their jointly filed advice letters.

**THEREFORE, IT IS ORDERED that:**

1. Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company must refer to this resolution to determine eligibility for electric line extension subsidies for mixed-fuel new construction projects.
2. Advice Letter 5331-E (Southern California Edison Company), Advice Letter 7320-E (Pacific Gas and Electric Company), and Advice Letter 4468-E (San Diego Gas & Electric Company), filed on July 9, 2024, are approved as modified herein.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 19, 2024; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson  
Executive Director

ALICE REYNOLDS  
President

DARCIE HOUCK  
JOHN REYNOLDS  
KAREN DOUGLAS  
MATTHEW BAKER  
Commissioners