Date of Issuance: February 4, 2025

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5361**
January 30, 2025

R E S O L U T I O N

Resolution E-5361 approves with modifications, Pacific Gas and Electric Company's request for approval of its Implementation Plan for programs and projects funded with Low Carbon Fuel Standard Holdback residential base charging credit and electric forklift credit proceeds.

PROPOSED OUTCOME:
- This Resolution finds that the four programs proposed by Pacific Gas & Electric Company (PG&E) in the Implementation Plan funded with Low Carbon Fuel Standard residential base charging credit and electric forklift credit proceeds are reasonable, with modifications.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:
- There are no direct cost impacts associated with this resolution. Programs established through this resolution are funded entirely through proceeds from the sale of Low Carbon Fuel Standard credits as directed by Decision (D.) 20-12-027.

By Advice Letter 7071-E filed on November 11, 2023, and supplemental Advice Letter 7071-E-A filed on May 8, 2024.

SUMMARY

This Resolution approves, with modifications, the request of Pacific Gas and Electric Company (PG&E) to adopt the Implementation Plan of programs and projects

funded with Low Carbon Fuel Standard (LCFS) Holdback residential base charging credit and electric forklift credit proceeds.

On November 11, 2023, PG&E filed Advice Letter (AL) 7071-E, later modified by AL 7071-E-A filed on May 8, 2024, describing their Implementation Plan for projects funded with LCFS holdback funds in response to Ordering Paragraph (OP) 3 of Decision 20-12-027.

In summary, this resolution approves, with modifications:

- $28.8 million for the Affordable Public Charging program.
- $19.3 million for the Residential Charging Solutions Expansion (Panel and Flexible Electrification Support) program.
- $2.5 million for the Resilient Fleets Charging Playbook.
- $20 million for the Capacity Pilot.

BACKGROUND

This Resolution addresses PG&E AL 7071-E/7071-E-A, filed pursuant to Decision

(D.) 20-12-027.

In December 2020, the California Public Utilities Commission (CPUC) issued D. 20-12-027 (the Decision), Concerning Low Carbon Fuel Standard (LCFS) Holdback Revenue Utilization. The Decision found that it is reasonable to require the large electric corporations (also referred to as utilities[1]) to file LCFS Holdback revenue return Implementation Plans in order to qualify for an exemption from the requirements of Public Utilities Code (PUC) Section 851 pursuant to PUC Section 853(b).

The Decision required that an Implementation Plan include: (1) a proposal for at least one program, and (2) a description for how the large IOU plans to spend the rest of the funds, which shall include the status of the program development of the remaining program(s), an implementation timeline, and the approximate budget.[2] The Implementation Plans are also required to address general informational questions, as well as questions specific to the IOU's LCFS expenditures, program proposals, and specific programs. In addition, the Implementation Plans must include descriptions of:

[1] Large electric corporations also referred to as large investor-owned utilities (IOUs) include Southern California Edison, Pacific Gas and Electric Company, and San Diego Gas & Electric Company.
[2] D.20-12-027, page 26.

1) How LCFS holdback expenditures are dedicated to equity projects[3] or resiliency projects[4].
2) How each of its LCFS holdback expenditures and planned investments benefit current or future electric vehicle (EV) drivers in California.
3) How the LCFS holdback expenditures comply with all other California Air Resources Board (CARB) regulations regarding the use of LCFS holdback funds (e.g., administrative cost caps and prohibited uses).
4) How LCFS holdback expenditure proposals:
    a. Demonstrate input from environmental justice groups and/or community-based organizations.
    b. Will address gaps in program design not already addressed through Pacific Gas & Electric Company's (PG&E) transportation electrification (TE) expenditures or other publicly funded program, or in the alternative, how the proposed expenditure will reduce cost to ratepayers.
    c. Address a barrier to TE, equity, and/or resiliency.
    d. Include data collection requirements that allow for an evaluation of the effectiveness of the proposal in addressing TE, equity, and/or resiliency.
5) How any proposal for an equity project will be for the primary benefit of, or primarily serve, communities eligible for equity project expenditures.
6) How any proposal for a resiliency project is aligned with other TE-related utility resiliency efforts, including but not limited to, Public Safety Power Shutoffs (PSPS) and Wildfire Mitigation Plans, and reflects consultation with electric vehicle service providers (EVSP), where appropriate.
7) How any proposal for a resiliency project aligns with Commission policy on vehicle-grid integration.

In addition, the Implementation Plan must include answers to the following general information questions as ordered by the Commission in D.14-12-083[5]:

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[3] Defined by D.20-12-027 as projects "for the primary benefit of or primarily serving disadvantaged communities and/or low-income communities and/or rural areas or low-income individuals eligible under CARE or FERA or the definition of low-income in Health and Safety Code § 50093 or the definition of low-income established by a publicly-owned electric utility's (POU's) governing body," page 13.
[4] Defined by D.20-12-027 as projects "that lead to the installation of EV charging facilities at evacuation/emergency response centers, or at other critical facilities and critical infrastructure, like those defined under the Self-Generation Incentive Program . . . [and/or] pilot technologies that allow EV owners to use their electric vehicle to power electric equipment at their homes or businesses in the event of power shut-offs due to weather, wildfire risk, or other emergencies," pages 25-26.
[5] D.14-12-083, page 32-33

1) How will the large electric corporation calculate the number of LCFS credits generated by each customer?
2) Who receives the revenue from the sale of LCFS credits?
3) How are LCFS revenue recipients identified?
4) How will the large electrical corporation calculate the amount of revenue to be distributed to each customer, if appropriate?
5) By what means is the revenue distributed to the customer and how frequently is revenue distributed?
6) How will vehicle ownership changes be identified, addressed, and tracked?
7) How will the large electrical corporation track and true-up revenues and disbursement from the program?
8) How will the program be marketed in a competitively neutral manner so that plug-in EV owners, regardless of their load serving entity, are aware that they are eligible to receive LCFS revenue?
9) How will the large electrical corporation receive and distribute credits generated by non-residential customers?

Additionally, pursuant to OP 1 of D.20-12-027, the Implementation Plans are required to demonstrate that a percentage of the holdback revenues are being utilized to fund equity and resiliency projects. For equity projects, this decision directed the IOUs to ensure that at least 35 percent of its LCFS holdback expenditures in 2021, 45 percent in 2022, 55 percent in 2023, and 75 percent in 2024 and thereafter meet the equity project requirement of CARB's LCFS regulations, as harmonized with AB 841 through D.20-12-027. Additionally, this decision directs the IOUs to spend up to 20 percent of the LCFS holdback expenditures not reserved for equity projects on resiliency projects. If the IOUs are unable to meet the 20 percent target, this decision allows the IOUs to identify why it is unable to meet the target in its Implementation Plan and any measures taken.

Pursuant to OP 3 of D.12-20-027 PG&E submitted its 2023 LCFS Holdback Implementation Plan via AL 7071-E, filed on November 11, 2023, and modified by

AL 7071-E-A, filed on May 8, 2024.

PG&E's plan proposes investing a total of approximately $70.6 million of LCFS Holdback credit proceeds[6] through 2028 in a portfolio of programs to support equity

[6] Pursuant to OP 2, the IOUs must pool LCFS forklift credit revenues with its LCFS Holdback credit revenues.

and resiliency by focusing on multiple sectors—light-, medium-, and heavy-duty vehicles. A summary of PG&E's proposed programs is included in Table 1 below.

Table 1: Summary of PG&E's Proposed LCFS Holdback Programs

Program Name	**Description**	**Budget (2024-2028)**[7]	**Program Duration**
Affordable Public Charging	Provide a weekly public EV charging credit to income-qualified customers via a prepaid debit card that can be used at physical payment terminals and through network apps.	$28.8 million	2024-2028
Residential Charging Solutions Expansion (Panel & Flexible Electrification Support)	Expansion to existing program offering upfront cost reductions through contractors or after-the-fact rebates for panel upgrades and circuit extensions, and customer/contractor education promoting panel optimization.	$19.3 million	2024-2027
Resilient Fleets Charging Playbook	Provide an online playbook on resilient charging solutions, targeted at critical customers looking to electrify their fleets.	$2.5 million	2024-2028
Capacity Pilot	Fund grid capacity upgrades related to electric vehicle charging in equity communities.[8]	$20.0 million	2024-2026

Per General Order 96-B, Rule 7.6.1, an advice letter is subject to Industry Division staff disposition so long as a technically qualified person could determine objectively

[7] PG&E's AL 7071-E, page 5
[8] Equity communities for this project can include the following, disadvantaged communities, low-income communities, rural areas, and tribal communities as defined in D.20-12-027

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

Notice of PG&E's AL 7071-E/7071-E-A was made by publication in the CPUC's Daily Calendar. PG&E states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

PG&E filed AL 7071-E on November 17, 2023. On December 7, 2023, PG&E's AL 7071-E received a protest from the Public Advocates Office (Cal Advocates). Cal Advocates requests that the Commission reject AL 7071-E to allow PG&E to revise the proposed Capacity Pilot program to only apply LCFS funds towards distribution capacity projects already vetted and approved for ratepayer funding by the Commission via the general rate case (GRC) process. Cal Advocates did not protest the other three proposed LCFS programs.

PG&E replied to Cal Advocates' protest on December 14, 2023, stating that Cal Advocates has misconstrued the GRC process, which does not approve a "specific project list for all distribution projects," but rather authorizes funding to "meet emergent project needs based on the California Energy Commission's [Integrated Energy Planning Report] IEPR forecast."[9] PG&E also states that both pathways provided in AL 7071-E would fund distribution capacity projects that would have been funded by the GRC process. PG&E clarifies that the unfunded projects referenced in the pilot proposal would be projects that were removed from the project queue due to budget constraints, not to reference projects that are identified beyond the forecast used throughout the GRC process. Therefore, the Capacity Pilot would not result in additional ratepayer funding that is not approved within the GRC process and reduces ratepayer cost burden as LCFS funds would fund these projects, rather than costs being incorporated into rates.

[9] PG&E's Reply to Protest to 7071-E, page 2

PG&E filed a supplemental AL, 7071-E-A, on May 8, 2024. In 7071-E-A, PG&E clarifies accounting mechanisms related to the LCFS Capacity Pilot and how funding will be utilized to offset costs authorized in Phase 2 of PG&E's 2023 GRC.[10]

On May 29, 2024, PG&E's supplemental AL 7071-E-A received a protest from Cal Advocates. Cal Advocates reiterates their concern that distribution capacity projects funded through the LCFS pathway will not have been approved by the Commission via the traditional GRC process and will incur operations and maintenance (O&M) expenses that will be placed on ratepayers. For these reasons, Cal Advocates recommends that the Commission require that LCFS funds be allocated to distribution capacity projects that would have only been funded in an already approved GRC.

PG&E replied to this protest on June 4, 2024 and restated their reply to Cal Advocates' first protest that Cal Advocates' concern is based on a "fundamental misunderstanding of how the GRC process works" and that following their recommendations would mean "forgo[ing] an opportunity to utilize non-ratepayer funds to invest in needed future distribution projects."[11]

DISCUSSION

This section of the Resolution identifies how the CPUC will dispose of the issues associated with the authorization of PG&E's LCFS Implementation Plan. These issues are disposed based on consistency with CARB's LCFS regulation and compliance with the Decision.

The Implementation Plan is approved in part, with modifications, as discussed in this section. We note here that while we have performed due diligence, this Resolution does not constitute CARB's approval of PG&E's LCFS Holdback programs.

1. Affordable Public Charging

The Affordable Public Charging program is approved, with modifications.

PG&E and SCE jointly propose to fund and operate a program that provides subsidized public EV charging through preloaded debit cards to their income-qualified EV customers. PG&E and SCE intend to address inequities in EV fueling for those who are unable to take advantage of charging at home on lower time of use (TOU) rates. While

[10] PG&E Supplemental AL 7071-E-A
[11] PG&E's Reply to Cal Advocates' Protest of 7071-E-A, page 4.

PG&E and SCE propose to administer their programs together to save on administrative costs and to create a cohesive program for their customers, the program budget and incentives proposed in AL 7071-E reflect PG&E's proposal only. SCE's proposed program is outlined in AL 5271-E. PG&E proposes a program budget of $28.84 million over four years. PG&E believes the incentive disbursed for each participant will differ but plans for an average incentive of $1,500 per person per year ($3,000 over two years) across 6,600 individuals that enroll in the program. Each participant can participate for two years with an EV reverification for program renewal after one year. PG&E anticipates running the program from 2024-2028.

The program proposes to support EV owners who do not have access to charging at home and rely more readily on public charging. While EV drivers frequently benefit from the significantly lower cost of fueling with electricity, rather than gasoline, due to special EV electricity rates, customers that rely on public charging are not able to take advantage of these rate structures and must pay public charging rates set by either the station owner or EVSP.[12] The charging rates set by the station owner or EVSP may include the cost of electricity as well as the cost of station installation, connectivity and networking, maintenance, overhead, and profit.[13] EV owners with at-home charging may be more likely to charge when electricity rates are lowest (i.e., overnight), whereas customers that rely on public charging stations are less likely to charge during these off-peak periods as it is not always practical to utilize these off-peak hours away from a customer's place of residence.

In order to address these barriers, PG&E's Affordable Public Charging program proposes to provide eligible customers with a debit card that has set limits on the transactions the card can be used on, but also allows the flexibility to use the credit at any charging station, rather than being limited to a specific EVSP. PG&E also proposes to reload the card weekly, instead of distributing funds in a lump sum, to prevent a large amount of funds sitting in low-usage accounts.[14] PG&E suggests that the amount automatically loaded onto the card weekly could be $50, to cover weekly charging needs, with a potential cap of $150-200.[15]

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[12] PG&E's AL 7071-E, page 24
[13] *Id.*, page 24
[14] *Id.*, page 32
[15] *Id.*, page 34

PG&E proposes the following criteria for customer eligibility for the Affordable Public Charging program:

- Be an active PG&E residential electric distribution customer (Community Choice Aggregator customers are eligible)
- Own or lease a Battery Electric Vehicle (BEV) or Plug-in Hybrid Vehicle (PHEV) and can provide proof of current California vehicle registration
- Make less than 80% of Area Median Income (AMI) for the applicable county and household size through income documentation or "categorical eligibility."

PG&E does not propose that customers prove they do not have home charging, as they believe that there are multiple circumstances where a customer could have some or limited access to charging but could still benefit from the program. Additionally, PG&E states that if a customer has access to home charging, they are likely to use it preferentially given the convenience of being able to plug-in at home and will therefore use less of the credit. While the Commission agrees that there are multiple circumstances that could lead a customer to have a higher need for public charging, including, but not limited to, living in multi-unit dwellings that have some chargers but may have limited availability, or single-family homes that may have limited charger availability due to multiple car charging needs or capacity limitations, each customer should attest to having limited at-home charging in order to be eligible for participation in the program. To clarify eligibility requirements, we direct PG&E to define what constitutes "limited at-home charging" and include this attestation in their eligibility requirements for initial program participation and for the renewal option after one year.

In addition, we agree that those with some access to home charging may choose to charge at home and have less need for the incentive. Therefore, it is imperative that a preloaded fund cap is placed on the debit cards to reflect the availability, even if limited, of home charging to some customers and to ensure that customers without access to home charging have adequate support. We direct PG&E to, for customers with limited charging, implement this program by loading the debit card with $50 per week with a cap of $100 to meet this objective.

2. Residential Charging Solutions Expansion (Panel and Flexible Electrification Support).

The Residential Charging Solutions Expansion (Panel and Flexible Electrification Support) proposal is approved, with modifications.

PG&E proposes a Panel and Flexible Electrification Support expansion to their Residential Charging Solutions program. The existing Residential Charging Solutions program provides after-the-fact rebates for technology solutions that allow the customer to install Level 2 charging without a panel upgrade. There are already $6.5 million authorized funds as a part of the existing program which has a set incentive of $700 after-the-fact rebates for the three technology options, which include load-limiting smart charging stations and a 240V outlet splitter.

The program expansion, which will provide incentives for customers to upgrade their panel and to install circuit extensions, is proposed with a budget of $19.3 million. PG&E anticipates an average 4,000 participants at $4,000 for panel upgrades, and 2,000 participants at $1,000 for circuit extensions and other flexible load measures. PG&E also proposes adding a "point-of-sale" option for distributing the incentives through a network of qualified contractors and providing education to both customers and contractors on flexible electrification options through the expansion. Finally, PG&E states that due to the nature of the equipment being incentivized, a customer is only eligible for one incentive through the Residential Charging Solutions program (either the first phase or the expansion), although PG&E will assess the need of incentivizing a combination of measures on a case-by-case basis. A summary of the existing Residential Charging Solutions program and additions proposed by the Expansion is included in Table 2 below.

Table 2: Summary of the Existing Residential Charging Solutions Program and the Proposed Expansion

	First Phase	**Expansion**
Funding	$6.5 million	$19.3 million
Target customer	Residential customers that want Level 2 charging but do not need a panel upgrade	Residential customers that want to install Level 2 charging but need additional capacity or do not have a dedicated 240V outlet in the wanted charging location

Technology solutions	Provides rebates for technology solutions including load-limiting smart charging stations and a 240V outlet splitter	Provides incentives for panel upgrades and circuit extensions
Incentive amount	$700 for each of the three technologies selected	Average of $4,000 per panel upgrade and $1,000 per circuit extension or other flexible load measure
Incentive delivery pathway	Provides after-the-fact rebates, incentive is delivered after customer has made the purchase	There are 2 pathways for customer to choose: 1. Point of sale through participant contractor 2. After-the-fact rebate
ME&O[16]	Provides resources to help customers determine what solutions might work for their solution	Adds to current program's resources by providing education on available alternatives for contractors participating in the program

We recognize the need for less expensive technology solutions, like those provided in first phase of the program, as well as more elaborate technology upgrades like panel upgrades and circuit extensions, for customers who cannot accommodate simplified solutions. Therefore, the proposal is approved.

Eligibility requirements for this program, as proposed, are the same as the Affordable Public Charging program and other LCFS-funded income-qualified programs. PG&E proposes that "Customers that have recently participated in another PG&E

LCFS-funded income-qualified program, such as Pre-Owned EV or Affordable Public Charging, will automatically qualify."[17] We find that allowing customers who have recently participated in these programs to automatically qualify for other programs with the same qualifications reduces administrative burden on participants. However, due to the nature of the Residential Charging Solutions program providing adequate

[16] *Id.*, page 42
[17] *id.*, page 44

home charging, customers who are participating in the Affordable Public Charging program should be removed from the Affordable Public Charging program upon participating in this program.

PG&E proposes to collect and analyze key program metrics to assess the effectiveness of the program. As a part of this evaluation, the Commission directs PG&E to examine the merits of different interventions and recommended paths, including in the instance of combined measures.

3. Resilient Fleets Charging Playbook

The Resilient Fleet Charging Playbook proposal is approved, with modifications.

PG&E requests $2.5 million to develop a Resilient Fleet Charging Playbook that would consist of an interactive website with online tools targeted to critical fleet customers, which include fire stations, emergency response providers, and public and private gas, electric, and water utilities, that may be preparing to electrify their fleets. Based on conversations with critical customers and PG&E customer representatives, the Playbook may include content regarding resilient charging. This may include assessing risk of outages, overview of customer considerations, a journey map for potential Rule 21[18] customers, and content regarding vehicle-grid integration including assessing a customer's need for vehicle-grid integration, available charging equipment and pricing, and information on Rule 21 and 29[19] pathways. PG&E notes that the Playbook will be complementary to and used for several existing and upcoming efforts:

1. **EV Fleet:** The playbook will be promoted on the EV Fleet website[20] and EV Fleet Onboarding Specialists will be trained to speak about the Playbook and resilient charging in their conversations with customers. The EV Fleet program is currently being implemented and is expected to enroll customers through 2026.
2. **Transportation Electrification Advisory Service (TEAS):** The Playbook will be used by TEAS Advisors in consulting with critical customers on resilient

[18] Tariff that describes the interconnection, operation, and metering requirements for distributed generators connected to a utility's electric system in California
[19] Tariff that pays for and coordinates the design and deployment of service extensions from PG&E's electrical distribution line facilities to the service delivery point for separately metered EV charging stations
[20] EV Fleet Program

charging. As proposed and authorized in Resolution E-5314, TEAS will accept applications for three years, beginning in 2024.

3. **Transportation Advisory Services:** The Playbook can be leveraged for use in the Transportation Advisory Services being developed as part of the Commission's Transportation Electrification Framework Funding Cycle 1, which will follow the launch of TEAS.
4. **Existing resiliency resources:** The Playbook will be promoted through PG&E's existing customer resiliency resources, including the Backup Power page[21] and the PSPS website[22].[23]

The Commission finds that providing fleet customers with this resource to promote the transition to EVs is valuable and encourages PG&E to work closely with the EV Fleet program, Transportation Electrification Advisory Services, and Transportation Advisory Services programs for the benefit of all customers. The Commission also urges PG&E to develop the Playbook in a way that could be leveraged across other customer categories in the future.

PG&E's Program Manager will collaborate with a third-party developer to build the Playbook. PG&E proposes an initial outline of the Playbook but clarifies that their Program Manager and third-party developer will be responsible for determining the final content included.[24] Table 3 summarizes some of the proposed content of the Playbook.

Table 3: Summary of Potential Content to be included in the Resilient Fleets Charging Playbook

	Section	**Content**
Resilient Charging	Assessing the risk	• Determining risk based on historical outages and future risk • Circuit redundancy

[21] Backup Power Safety
[22] Public Safety Power Shutoffs
[23] *Id.*, page 54
[24] *Id.*, page 58-59

		• Case study and interactive tool to assist in determining what vehicles can sustain what length of power outage
	Resiliency Solutions	• Customer considerations like cost, speed of implementation, human resources, real estate, and others • Interactive tool to recommend solutions like battery storage, charging at alternative locations, generators, and mobile charging services
	Co-locating EV Chargers and Distributed Generation	• Journey map for customers looking to go through Rule 21 and Rule 29 and tips for the dual-tariff process
Vehicle-Grid Integration	Assessing the Need for Vehicle-Grid Integration	• Case study of bidirectional charging commercial customer • Interactive tool to calculate size of critical non-transportation load and if this load can be served by their EV fleet
	Resiliency Solutions	• Provide a list of available charging equipment and estimated pricing
	Installing Bidirectional Chargers	• Journey map for customers looking to go through Rule 21 and Rule 29 and tips for the dual-tariff process
	More Resources	• Direct customers to more resources to support resilient electrification

PG&E outlines key metrics to be collected for program evaluation. This includes engagement with the Playbook webpage and collecting information on the Playbook's influence on the customer's vehicle purchase. The resiliency solutions interactive tool intends to recommend solutions like battery storage, generators, and mobile charging services. Therefore, in addition to evaluating the influence on the customer's vehicle purchase, the Commission directs PG&E to add evaluation of the influence on the purchase of other equipment (e.g., batteries, chargers).

4. Capacity Pilot

The Capacity Pilot is approved, with modifications.

As proposed, this program will use LCFS revenue to fund distribution capacity upgrades that are 1) directly supporting a public EV-related request, such as a bank of charging stations; 2) located in a Priority Community;[25] and 3) are already identified but unfunded. PG&E notes in an analogous situation, the Commission recognized affordability benefits of leveraging non-ratepayer funding from the federal Infrastructure Reinvestment Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA).[26] Here PG&E seeks to use the Capacity Pilot to investigate whether similar affordability benefits can be achieved with LCFS funds and develop programmatic learnings that may lead to a larger program to fund additional grid upgrades. PG&E seeks to fund upgrades in PG&E's major work categories (MWCs) 06 – distribution line capacity – and 46 – distribution substation capacity.

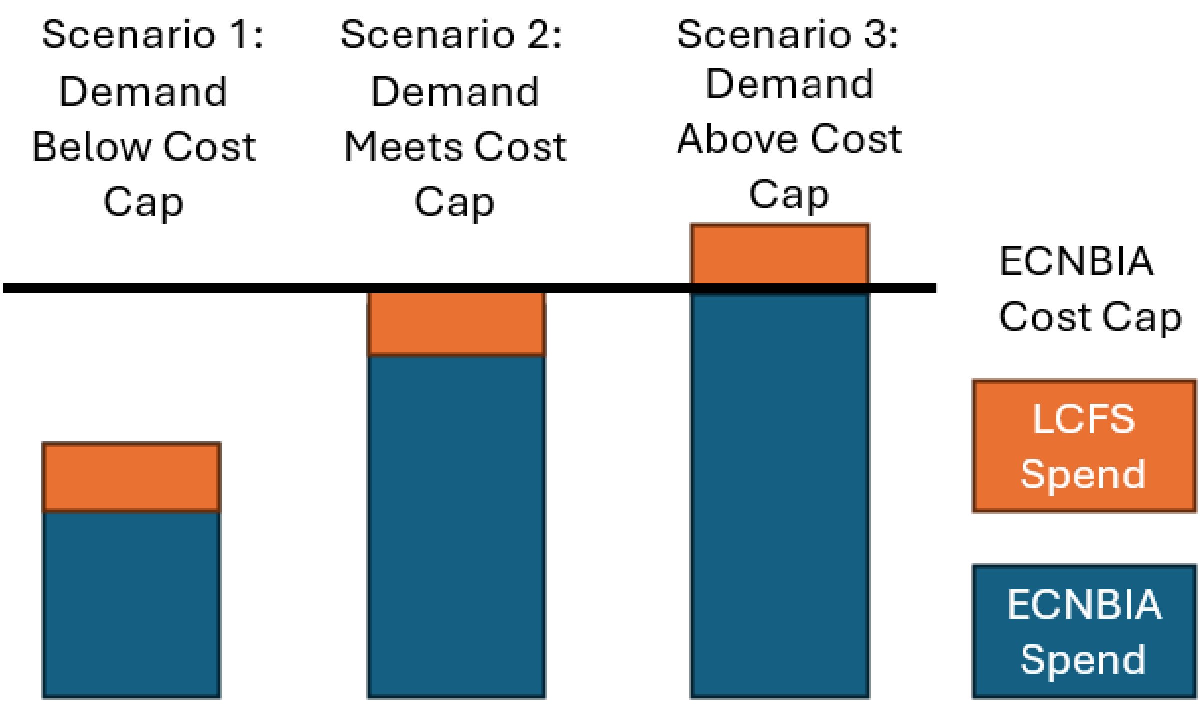
PG&E states the pilot will satisfy CARB and CPUC requirements that LCFS holdback programs "benefit current or future drivers in California,"[27] and is an enumerated equity program as it would "invest[] in public EV charging infrastructure and EV charging infrastructure in multi-family residences."[28] Specifically, PG&E notes the pilot will accomplish this by funding upstream infrastructure needed to energize public charging installations that will serve equity communities, by targeting Priority Communities defined by AB 841 and adopted in D.20-12-027.[29] Unfunded projects refer to projects that fall out of the distribution capacity project queue for a given year's work plan due to the lack of sufficient funding for all projects envisioned in the work plan.[30]

[25] PG&E will use the definitions of Priority Communities defined by D.20-12-027, page 12-15, including disadvantaged communities, low-income communities, rural areas, and tribal communities.
[26] Resolution E-5254
[27] CARB LCFS Regulation, §95491(d)(3)(A)(2)
[28] CARB LCFS Regulation, §95483(c)(1)(A)(6)(a)(iii)
[29] AB 841 and D.20-12-027 refer to these communities as "Underserved Communities."
[30] Pacific Gas and Electric Company's Reply to the Protest from The Public Advocates Office (Cal Advocates) to Advice 7071-E page 2.

PG&E notes the program will count as an equity program under the CPUC's rules but not under CARB's regulations.[31]

PG&E describes three scenarios for how Capacity Pilot investments could interact with the rate mechanism, which was adopted as the Electric Capacity New Business Interim Memorandum Account (ECNBIMA) by D.24.07.008. Figure 1 graphically shows the 3 possible scenarios

Figure 1: Modified Illustrative Representation of Effect of LCFS Funding Capacity Across Different Customer Demand Scenarios[32]



The "Demand Below Cost Cap" scenario shows what happens if total cost of capacity demand is lower than the cost cap of the ECNBIMA. In Scenario 1, the cost cap for the ECNBIMA is not reached and Capacity Pilot investments bring down ratepayers' liability further below the cap.

The "Demand Meets Cost Cap" scenario shows what happens if the total cost of capacity demand is equal to the cost cap. In Scenario 2, the demand for capacity equals the cost cap for the ECNBIMA; however, the Capacity Pilot investments bring ratepayers' liability below the cap in direct proportion to the amount of Capacity Pilot

[31] PG&E AL 7071-E page 66-67.
[32] *See* PG&E AL 7071-E-A page 5.

investment.

The "Demand Above Cost Cap" scenario shows what happens if the total costs of capacity demand are greater than the cost cap. In Scenario 3, the cost cap for the ECNBIMA is exceeded; however, Capacity Pilot investments bring down ratepayers' liability equal to the cost cap. PG&E states the third scenario:

> allows for additional critical TE capacity work to be funded during the current 2023 GRC cycle with LCFS pilot funds rather than having to wait for funding approval in the 2027 GRC cycle. The LCFS funding may or may not cover all of the demand above the cap; if it does not, some projects will still end up being delayed due to a gap in funding until the 2027 GRC cycle. In all scenarios, PG&E customers benefit from reduced spend[ing] as costs are reduced by the amount of LCFS Capacity Pilot funding, either in the 2023 or future GRC cycles.[33]

PG&E also proposed several processes to demonstrate LCFS revenues funding the Capacity Pilot are being used to reduce ratepayers' energization expenditures. PG&E proposed tracking the transfer of LCFS funding from the LCFS subaccount within the Greenhouse Gas Revenue Balancing Account (GHGRBA), to offset capital costs and the future book value (and rate base) of the asset. PG&E also proposes tracking planning orders with underlying work orders, noting the funding source(s), which will flow into the capital recovery process whereby expenditures associated with LCFS funded capital assets will not be recovered in rates. Each year by April 30, PG&E proposes to include in the LCFS Annual Report tables showing all projects and total spending for MWC 06 and 46 recovered in Phase 1 of the 2023 GRC, the ECNBIMA, and the spending associated with the LCFS Capacity Pilot. Further, PG&E states it will provide a narrative description of the tables, including an explanation of all LCFS-funded projects. Lastly, PG&E states it will work with the Energy Division and the third-party auditor to determine reporting modifications that may be needed.

PG&E filed ALs 7071-E and 7071-E-A after the passage of Senate Bill (SB) 410 (Becker, Stats. 2023, Ch. 394), but before the adoption of D.24-07-08. SB 410 created a pathway for the IOUs to seek a ratemaking mechanism for incremental energization costs.

D.24-07-008 granted PG&E authorization to record and track such costs in an interim memorandum account. The most relevant portions of SB 410 for this AL are PUC Section 937(b)(2)-(3) and 938. Section 937(b)(2) which required the Commission, after reviewing relevant information, to establish an up-front annual cost cap on the funding

[33] PG&E AL 7071-E-A page 4.

mechanism that each electrical corporation can recover. Based on this requirement, D.24-07-008 established annual cost caps by taking PG&E's proposal as the starting point and limiting the number of MWC/Maintenance Activity Types (MAT) that can be recorded in the new memorandum account.[34] Section 937(b)(3) requires PG&E to demonstrate in its next GRC application that the costs incurred were just and reasonable; any costs that are not just and reasonable shall be subject to refund. Section 938(1) requires the retention of an independent, third-party auditor to review the reasonableness of a utility's energization program.

D.24-07-008 contemplated this advice letter and found that the potential use of LCFS funds for energization work was within the scope of that decision.[35] Ordering Paragraph 22 stated, "If the Commission approves Pacific Gas and Electric Company's [] Low Carbon Fuel Standard [] Implementation Plan, PG&E shall submit testimony in its next general rate case that demonstrates how it took advantage of LCFS funds to energize customers in lieu of, or to reduce, distribution investment costs recorded to the ratemaking mechanism authorized in this decision." D.24-07-008 also appears to have agreed with TURN that "the exhaustion of all [available] non-ratepayer sources of funding [should be utilized] first . . . to support new connections before investing ratepayer funds in electrical distribution infrastructure upgrades."[36] Lastly, this decision ratified the selection of Ernst and Young as auditor for PG&E's energization program.[37]

Cal Advocates protested AL 7071-E and E-A, opposing the use of LCFS funds to fund capital expenditures that were not approved through a GRC. Moreover, Cal Advocates opposes the use of LCFS to fund capital expenditures not approved in a GRC as that would risk incremental O&M costs not approved through a GRC.[38] Cal Advocates recommends that LCFS funds only be allocated to distribution capacity projects that would otherwise have been funded by a GRC.[39] Stated another way, Cal Advocates opposes the "Demand Above Cost Cap" scenario due to the creation of capital expenditures and O&M not authorized by a GRC authorization. Cal Advocates argues that granting authority for Scenario 3 could "[n]ot only [allow] PG&E [to] build projects without Commission and party review, but PG&E could also use its Capacity Pilot

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[34] D.24-07-008, page 2, 52-55.
[35] D.24-07-008, page 71.
[36] *Id.*, page 71.
[37] *Id.*, page 5, 59.
[38] Public Advocates Office Protest Letter to 7071-E-A, page 5.
[39] *Id.*, page 6.

program to fund projects that the Commission specifically considered and rejected in a GRC. As such, . . . [this] would violate the Commission's duty to ensure that utilities charge just and reasonable rates."[40]

In response to Cal Advocates protest on capital expenditures, PG&E argues that in a GRC they request approval for its capital expenditure forecast for future distribution capacity investments. PG&E states Cal Advocates misconstrues the GRC process as one based upon approval of specific projects.[41] PG&E notes in the GRC process it receives funding authorization "for overall distribution capacity needs based on the major work categories associated with its overall forecast of loads and needs throughout the system . . . PG&E has the ability to reprioritize as required throughout the years and substitute specific projects proposed with others after a GRC Decision is rendered . . . All projects funded via the LCFS pilot … would have otherwise been funded through the GRC process."[42] PG&E then refers to its argument that a "distribution capacity project queue for a given year's work plan . . . [could be] pushed out to a subsequent year's work plan."[43] However, PG&E continues that the capacity pilot would fund "projects that have been identified as necessary work via the annual planning process [and pull them] forward or [accelerate ones that] otherwise would have been pushed out due to budgetary constraints."[44] PG&E further argues this "provides direct ratepayer benefits by not capitalizing those investments that otherwise would have been capitalized, and instead pays for them with LCFS funding."[45]

Additionally, PG&E responded to Cal Advocates' O&M argument in AL 7071-E-A. PG&E argues that "O&M costs for distribution capacity projects are on a multi-year horizon, which is beyond the timeline of this pilot and requires this to be funded through the GRC process." Further, PG&E notes that the Capacity Pilot investments might result in lower O&M costs if older infrastructure is replaced; however, if infrastructure is additive, the costs would be marginal. PG&E states that the expected marginal "annual maintenance costs for maintaining a distribution transformer bank is

[40] *Id.*, page 8.
[41] PG&E's reply to Public Advocates Office Protest of 7071-E-A, page 2.
[42] *Id.*, page 3.
[43] PG&E Reply to Protest of 7071-E, page 2.
[44] *Id.*, page 3.
[45] *Id.*, page 3.

~$5,000, or ~0.06% of the estimated $8 million in capital expenditure of a distribution transformer bank that might be funded by LCFS."[46]

D.24-07-008, adopted based on the requirements of SB 410, established annual cost caps for PG&E's ECNBIMA. D.24-07-008, contemplating this advice letter, states PG&E must demonstrate how LCFS funds, if approved, were used "in lieu of, or to reduce distribution investment costs recorded in the ratemaking mechanism…"[47] and directs PG&E to file testimony on whether LCFS funds had impacted costs ultimately recorded in the ECNBIMA.[48] Moreover, that decision states PG&E must first exhaust all available LCFS non-ratepayer funds.[49] We view this as a requirement that dictates the sequence of what funding should be spent in what order, but not a modification of the ECNBIMA cost caps themselves based on the existence of outside funding sources (e.g., LCFS funds proposed in this advice letter). Stated another way, D.24-07-008 set cost caps for the ECNBIMA, but did not determine that LCFS funding should count against the cap. Instead, it requires that the funding be used to "reduce costs" recorded in the mechanism by expending those funds before recording costs in the mechanism itself. As required, the LCFS funds will be expended before recording costs in the mechanism, but PG&E may still record costs in the mechanism up to the authorized caps. As such, we find Scenario 3, the "Demand Above Cost Cap" scenario, to be consistent with D.24-07-008 so long as LCFS funds are spent before costs are recorded to the mechanism. Thus, the LCFS holdback funds spent on energization work, which will be tracked in the LCFS subaccount within the GHGRBA, do not apply to the cost caps for the ECNBIMA set by D.24-07-008. PG&E is responsible for demonstrating that LCFS holdback funds were exhausted before recording costs in the ECNBIMA, consistent with D.24-07-008. Should PG&E attempt to record costs above the cap in the ECNBIMA or fail to exhaust LCFS funds first, certain ECNBIMA costs will be subject to refund consistent with Public Utilities Code Section 937(b)(3).

PG&E proposes numerous measures to track and report LCFS revenues for the Capacity Pilot. We find PG&E's initial tracking and reporting proposal in AL 7071-E-A reasonable, including the requirement to report Capacity Pilot information in the Annual LCFS Report, filed by April 30 of each year. However, we direct PG&E to work with the Energy Division and PG&E's auditor, Ernst and Young, to undertake any

[46] PG&E AL 7071-E-A page 7-8.
[47] D.24-07-008, page 71.
[48] *Id.*, Ordering Paragraph 22.
[49] *Id.*, 71 and Conclusion of Law 9.

modifications needed to ensure the Capacity Pilot activities and impacts are tracked in a detailed manner and reported clearly and transparently. Moreover PG&E must include written confirmations from Energy Division staff and Ernst and Young in its Annual LCFS Reports with their approval of the detail, clarity, and transparency of the information provided for the Capacity Pilot.

While Cal Advocates raises the concern that allowing capital expenditures outside the GRC process would "fail to uphold [the] duty to ensure just and reasonable rates and services",[50] Public Utility Code (PUC) Sec. 451 does not apply here, as capital expenditures at issue are not costs borne by rates.[51] Instead, the Commission's LCFS precedence bases its regulatory authority on PUC sections 701, 851, and 853.i.[52] Moreover, in D.20-12-027, the Commission established an advice letter approval process for holdback program implementation plans. PG&E filed an advice letter consistent with that guidance. Therefore, adequate process has been followed which is separate and apart from the requirements of PUC Sec. 451 and the GRC process.

Cal Advocates also raises the concern that the Capacity Pilot could create incremental O&M not authorized by a GRC. PG&E responds by stating the O&M impact will either be nominal in the event of grid additions or reduce O&M if older, existing equipment is replaced. We find merit to Cal Advocates' concern and reject the open-ended O&M treatment sought by PG&E as it could create incremental O&M costs for ratepayers that is not subject to Commission review. We direct PG&E to cover O&M costs with LCFS funds, up to one percent of the pilot budget, alternatively, PG&E may select projects that reduce existing O&M costs (i.e., replacing old infrastructure versus building new, incremental infrastructure). Since it cannot be known ahead of time if the cap will be exceeded, we exercise precaution and require special accounting for the Capacity Pilot O&M costs categorically. Moreover, we recognize these O&M costs as being part of the SB 410 reasonableness review conducted in the next GRC, and we subject any Capacity Pilot O&M costs allocated to ratepayers to refund.[53] Lastly, going forward we note O&M costs for the LCFS pilot project could be approved in future GRCs, as those future costs could be reviewed by the Commission; therefore, Capacity Pilot O&M costs need not be covered by LCFS revenues for the life of the capital expenditure if GRC approval is obtained at a later time for the O&M costs.

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[50] Cal Advocates' Protest of 7071-E, page 5
[51] PUC Sec. 201 and Sec. 451.
[52] D.20-12-027
[53] *See* D.24-07-008, page 71-72.

This novel pilot promotes affordability by leveraging non-ratepayer funding for distribution capacity upgrades needed to energize EV demand and targets underserved communities. The pilot will allow for programmatic learnings that may lead to a larger program to fund additional grid upgrades.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Please note that comments are due 20 days from the mailing date of this Resolution. 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.

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 to parties for comments, and will be placed on the CPUC's agenda no earlier than 30 days from today.

This resolution received no comments.

FINDINGS

1. Decision (D.) 20-12-027 requires that the investor-owned utilities file an initial Implementation Plan regarding their Low Carbon Fuel Standard (LCFS) Holdback funds, which must include: (1) a proposal for at least one program, and (2) a description for how the large IOUs plan to spend the rest of the funds, which shall include the status of the program development of the remaining program(s), an implementation timeline, and the approximate budget.
2. D.20-12-027 required that the Implementation Plans address certain general informational questions, as well as questions specific to the utility's LCFS expenditures, program proposals, and specific programs.
3. D.20-12-027, Ordering Paragraph 1, requires that the Implementation Plans demonstrate that a percentage of the holdback revenues are being utilized to fund equity and resiliency projects.
4. Pacific Gas and Electric Company (PG&E) proposed four distinct proposals to be funded with Holdback revenue—(1) Affordable Public Charging, (2) Residential Charging Solutions Expansion (Panel & Flexible Electrification Support), (3) Resilient Fleets Charging Playbook, and (4) Capacity Pilot.

5. PG&E and Southern California Edison (SCE) administering an Affordable Public Charging program together will reduce administrative costs and create a cohesive program for their customers.
6. There are multiple circumstances that could lead a customer to have a higher need for public charging, including, but not limited to, living in multi-unit dwellings that have some chargers but may have limited availability, or single-family homes that may have limited charger availability due to multiple car charging needs or capacity limitations.
7. Customers with some access to home charging may choose to charge at home and therefore use less of the Affordable Public Charging incentive.
8. There is a need for less expensive technology solutions and more elaborate technology upgrades, like panel upgrades and circuit extensions, for at home EV charging.
9. There is merit to allowing customers who have recently participated in the LCFS funded Pre-Owned EV program to automatically qualify for the Residential Charging Solutions Expansion allows.
10. Providing fleet customers with resources to promote the transition to EVs is valuable.
11. When developing the Resilient Fleets Charging Playbook, PG&E should work closely with the EV Fleet, Transportation Electrification Advisory Services, and Transportation Advisory programs for the benefit of all customers.
12. PG&E should develop their Resilient Fleets Charging Playbook in a way that could be leveraged across other customer categories in the future.
13. Distribution capacity upgrades will give benefit to host communities by providing additional capacity for other grid needs, including the interconnection of future EV charging, homes, businesses, and other projects.
14. Senate Bill 410 created a pathway for the IOUs to seek a ratemaking mechanism for incremental energization costs.
15. D.24-07-008 granted PG&E authorization to record and track such costs in an interim memorandum account.
16. D.24-07-008 set cost caps for the ECNBIMA and did not set caps on the amount PG&E may spend from all possible funding sources on energization work.
17. PG&E's initial tracking and reporting proposal in Advice Letter 7071-E-A is reasonable.
18. We find that the three spending scenarios proposed in AL 7071-E-A are consistent with D.24.07.008 so long as PG&E exhausts LCFS funds first.

19. We find PG&E may not use ratepayer funds during this GRC cycle to cover O&M costs stemming from Capacity Pilot capital expenditures. Instead, PG&E may:
    a. Utilize LCFS funds for distribution capacity upgrades that replace existing equipment to avoid the occurrence of incremental O&M costs, or
    b. Utilize LCFS funds to cover O&M costs stemming from the Capacity Pilot capital expenditures. These costs will be subject to refund consistent with D.24.07.008.
20. O&M costs for the Capacity Pilot could be approved in future GRCs, therefore, these costs need not be covered by LCFS revenues for the life of the capital expenditure if GRC approval is obtained at a later time.

THEREFORE, IT IS ORDERED THAT:

1. Pacific Gas & Electric Company's Low Carbon Fuel Standard Holdback Implementation Plan as filed in Advice Letter 7071-E and supplemental Advice Letter 7071-E-A is approved in part, with modifications.
2. Pacific Gas & Electric Company's (PG&E) proposal for the Affordable Public Charging program is approved, contingent upon the following modifications:
    a. PG&E must define what constitutes "limited at-home charging" and include this attestation of limited at-home charging in their eligibility requirements for initial program participation and for the renewal option after one year.
    b. PG&E must implement this program by loading the debit card with $50 per week with a cap of $100.
3. Pacific Gas & Electric Company's (PG&E) proposal for the Residential Charging Solutions Expansion (Panel & Flexible Electrification Support) is approved, contingent upon the following modifications:
    a. PG&E should prioritize implementing solutions that will not trigger capacity upgrades.
    b. PG&E must remove participants from the Affordable Public Charging program after participation in the Residential Charging Solutions program.
    c. As part of their evaluation plan for this program, PG&E must examine future proofing concerns associated with the technical solutions. This includes, but is not limited to:
        i. Examining the merits of different interventions and

   ii. Recommended paths, including in the instance of combined measures.

4. Pacific Gas & Electric Company's (PG&E) proposal for the Resilient Fleets Charging Playbook is approved, contingent upon the following modification:
   a. In addition to evaluating the influence on the customer's vehicle purchase, PG&E must also evaluate the influence of this Playbook on the purchase of other equipment (e.g., batteries, chargers), load impacts, and rate impacts.
5. Pacific Gas & Electric Company's (PG&E) proposal for the Capacity Pilot is approved, contingent upon the following modifications:
   a. PG&E must work with the Energy Division and PG&E's auditor, Ernst and Young, to undertake any reporting modifications needed to ensure the pilot activities and impacts are tracked in a detailed manner and reported in a clear and transparent manner.
   b. PG&E must include written confirmations from Energy Division staff and Ernst and Young in its Annual LCFS Reports with their approval of the detail, clarity, and transparency of the information provided for the pilot.
   c. PG&E must cover operations and maintenance (O&M) costs with LCFS funds, up to one percent of the pilot budget. Alternatively PG&E may select a project that reduces existing O&M costs.

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 January 30, 2025; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON
Rachel Peterson
Executive Director

ALICE REYNOLDS
President
DARCIE HOUCK
JOHN REYNOLDS
KAREN DOUGLAS

Commissioners

Commissioner Matthew Baker recused himself and did not participate in the vote of this item.