

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



January 13, 2020

Advice Letter 4194G/5719E

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

**SUBJECT: Response to Non-Standard Disposition of PG&E Advice Letter Requesting
an Extension of Advanced Energy Rebuild Program Eligibility**

Dear Mr. Jacobson,

Advice Letter 4194G/5719E is effective as of December 9, 2019

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

December 9, 2019

Advice 4194-G/5719-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Response to Non-Standard Disposition of PG&E Advice Letter Requesting an Extension of Advanced Energy Rebuild Program Eligibility

Purpose

Pacific Gas and Electric Company (PG&E) responds to the California Public Utilities Commission (CPUC or Commission) non-standard disposition of PG&E's Advice Letter 4119-G/5588-E, which requested an extension of the approved provisions of Advice 3928-G/5219-E, Supplemental Advice 3928-G-A/5219-E-A, and Advice 4068-G/5479-E to benefit homeowners who are rebuilding wildfire-destroyed homes to 2019 Title 24 code.

On December 9, 2019, PG&E submitted supplemental Advice Letter 4119-G-A/5588-E-A. At the request of Energy Division, PG&E is submitting the same information as a new Advice Letter, as required by the CPUC in the Non-Standard Disposition Letter dated October 9, 2019. PG&E is also making minor alterations to language in the Advice Letter to clarify intentions regarding a process to establish avoided gas infrastructure costs.

Background

On April 27, 2018, the Commission approved the following requests included in PG&E Advice 3928-G/5219-E "Request for Energy Efficiency Program Enhancements to Assist October 2017 Wildfire Impacted Customers" and Supplemental Advice 3928-G-A/5219-E-A:

1. Double residential new construction incentives and increase technical support.
2. Increase non-residential new construction incentive cap and design assistance.
3. Allow the California Advanced Homes Program (CAHP) to apply to in-law units.
4. Evaluate program enhancements every two years.

These enhanced program offerings, known as Advanced Energy Rebuild (AER), were made available to serve customers with destroyed homes or businesses in the eight

counties impacted by the October 2017 wildfires. On March 19, 2019, the Commission approved PG&E Advice 4068-G/5479-E, which expanded the AER offering to apply to all customers affected by the 2018 wildfires rebuilding a destroyed home or business with building permits subject to the 2016 Title 24 building code.

These program enhancements were intended to be a limited-term solution designed to encourage customers to exceed the 2016 building code in advance of the code change on January 1, 2020. However, PG&E became aware that many customers who lost their homes to wildfires in 2017 and 2018 might not be ready or able to pull permits before the end of 2019. To address this customer need, PG&E filed Advice 4119-G/5588-E on July 15, 2019, requesting that the approved AER program enhancements in Advice 3928-G/5219-E and Supplemental Advice 3928-G-A/5219-E-A also apply to all customers rebuilding a wildfire-destroyed home or business with building permits subject to the 2019 Title 24 building code on a first-come, first-served basis.

On October 9, 2019, PG&E received a non-standard disposition letter¹ from the Commission directing PG&E to file a Tier 1 advice letter within 60 days expanding on the following:

- A detailed plan for increasing program uptake and removing barriers identified for the AER. The plan should demonstrate an approach that is customizable, depending on specific uptake barriers.
- An explanation of how program offerings will change in 2021, including a description of any advanced technologies that will go above and beyond 2019 code.

PG&E provides detailed plans to increase program uptake and a discussion of 2021 program offerings below.

Summary of Response

- 1. PG&E's strategies to address AER program uptake barriers include (a) holding program education events for customers and builders while streamlining its 2020 program offerings, (b) enhancing outreach and program participation processes, (c) minimizing program participation requirements, and (d) accommodating customers' desire to recreate their original house provisions.**

PG&E has identified barriers to participation in AER through customer feedback and evaluation results. PG&E learned lessons from service customers in Sonoma and Napa who were impacted by the 2017 fires, and accordingly addressed this in the expansion of the AER initiative to serve customers affected by 2018 wildfires.² PG&E also received feedback in the initial survey of eligible customers and AER participants, which

¹ Non-Standard Disposition of PG&E Advice Letter 4119-G/5588-E, p.3

² PG&E Advice Letter 4068-G and 5479-E.

was conducted in March 2019 and documented in the first annual Evaluation, Measurement, and Verification (EM&V) advice letter filing for the AER program in July 2019.³ Since then, Opinion Dynamics has conducted a case study of PG&E and Sonoma Clean Power's AER program in August 2019,⁴ which provided key takeaways and lessons learned to aid program improvement. These recommendations are addressed by the program tactics below in addition to the requirements of the Commission's non-standard disposition letter.⁵

a. The AER program is holding program education events for customers and builders in Butte County while streamlining its 2020 program pathway offerings.

PG&E understands that there may have been confusion for some Sonoma customers regarding the selection of energy efficiency measures through the two program participation pathways: the flexible performance pathway and the simple prescriptive pathway.⁶ PG&E will simplify the AER offering in 2020 by eliminating the simple prescriptive pathway and plans to implement education opportunities to clarify the program offering. This simplification aligns with the strong program participation preference by energy consultants and builders for the flexible performance pathway.⁷

PG&E will be offering more education on program opportunities to builders in the areas where customers qualify for AER. PG&E's local outreach and training implementer, Northern Rural Communities Development, Inc., is currently offering builder education in the Butte County area through PG&E's Workforce Education and Training (WE&T) program. To familiarize customers with the program, PG&E also invited customers who had expressed interest in the AER offering to a public webinar that answered questions about AER and the participation process. This webinar was recorded,⁸ and has been used as part of the AER outreach and education process when interacting with interested customers. A similar webinar will be conducted and recorded that includes details on the 2019 Title 24 code update.

Lastly, PG&E is continuing to provide and expand builder education opportunities to familiarize builders in AER-qualifying areas with newer energy efficiency measures. All measures that were offered as a pathway to qualify for AER incentives will be incorporated into the 2019 Title 24 building code; PG&E believes that builder unfamiliarity with newer energy efficiency measures may have resulted in customers

³ PG&E Advice Letter 4115-G/5578-E, Attachment A.

⁴ *Sonoma Clean Power and PG&E's Advanced Energy Rebuild Program*, Opinion Dynamics Corporation (August 2019).

⁵ PG&E Advice Letter 4119-G/5588-E Non-Standard Disposition Letter.

⁶ PG&E Advice Letter 4115-G/5578-E (Attachment A) and [Program Handbook](https://sonomacleanpower.org/uploads/documents/AER-handbook.pdf) at <https://sonomacleanpower.org/uploads/documents/AER-handbook.pdf>.

⁷ Over 90% of current AER projects are using the Flexible Performance pathway.

⁸ <https://www.youtube.com/watch?v=1h45tJBKPyU>.

being quoted or paying higher than expected costs. Increasing builder awareness of new measure opportunities may help mitigate unnecessarily high measure costs.

b. The AER program is enhancing its program outreach, recruitment, and participation processes.

PG&E is enhancing its program outreach and recruitment process to address customer feedback regarding unclear qualification requirements. PG&E is clarifying program materials and evolving the AER outreach process to be more targeted and to reach potential participants earlier in the design process. Program feedback indicated that there were a handful of customers who expected to participate in AER but were too far along in their build process to revise designs to meet program qualifications and were disappointed to be unable to participate. Earlier outreach allows PG&E to ensure that new home designs can be inclusive of qualifying measures so that customers who expect to participate in AER are able to do so.

To strengthen the outreach, recruitment, and program participation processes, AER will be incorporating the following activities and material improvements:

- Updated program information graphics and fliers,
- Updated program advertisement(s) tailored for local publications or webpages,
- Case studies of successfully completed AER rebuild projects,
- Webinars for customers new to energy efficiency as well as energy consultants advising customers on the initiative,
- Home builder guides to familiarize builders with qualifying measures, and
- Short informational videos to educate qualifying customers about the streamlined participation process and potential benefits for their rebuild.

In addition to the updated program materials described above, the AER program has partnered with Northern Rural Communities Development, Inc. to assist and support in the following program participation and recruitment activities:

- Perform direct homeowner outreach,
- Attend industry events and secure sponsorships,
- Organize or participate in local homeowner gatherings,
- Coordinate with PG&E's local Energy Watch representative,
- Coordinate with local permitting offices and municipal/government officials, and
- Track MLS alerts for affected property transactions.

Partnering with local programs and organizations will ensure a customized approach that is sensitive to local drivers, barriers, and needs. PG&E also notes that a sensitive approach is essential when interacting with customers who are eligible for AER. While PG&E is committed to a comprehensive marketing and outreach campaign, PG&E recognizes that eligible customers have experienced the unexpected loss or destruction of a home. The goal of marketing and outreach for the AER program is to ensure that

customers are aware that the AER program is an available resource for anyone who decides to rebuild.

Finally, PG&E is enhancing the participation process by making the program-required Certified Energy Analyst (CEA) more accessible to customers. The Opinion Dynamics study⁹ noted that the program requirement of incorporating a CEA into the rebuilding process was a challenge for customers. Despite PG&E's numerous efforts to recruit, educate, inform and motivate CEAs, the program in Sonoma fell short on both (a) the number of local CEAs available to help homeowners, and (b) the willingness and availability of local CEAs to prepare high quality models to assess differing equipment and design considerations.

To avoid CEA challenges in Butte County, PG&E plans to provide a qualified CEA through the AER program implementation team to work with customer and their builder, covering 100% of the cost for the CEA work for those customers who are income-qualified in line with California Alternate Rates for Energy Program (CARE) program criteria.¹⁰ PG&E also worked with Northern Rural Communities Development, Inc. to secure \$500 grants from a local foundation that will be available for any customer that is not income-qualified and needs additional assistance to cover the required CEA work. PG&E believes that CEAs are essential for developing the standardized energy models needed for the program because CEAs can submit higher quality energy models than untrained persons, leading to expedited program approval and project timelines as well as fewer program staff resources when less time is required to review higher-quality models against the program standards.

c. The AER program is working to minimize participation requirements, while adhering to energy efficiency program standards.

PG&E understands that program requirements may be confusing or unfamiliar to customers and various builders. PG&E will continue to develop and provide clear material to customers and stakeholders to explain the necessary program requirements and participation process steps. Due to feedback that customers were having difficulty understanding the rebuilding process, and where during their rebuild process they would connect with the AER program, PG&E also developed the Homeowner Rebuild Timeline flyer (**Attachment 1**) to help walk homeowners through the steps to rebuild and participate in AER.

⁹ *Sonoma Clean Power and PG&E's Advanced Energy Rebuild Program*, Opinion Dynamics Corporation (August 2019).

¹⁰ https://www.pge.com/en_US/residential/save-energy-money/help-paying-your-bill/longer-term-assistance/care/care.page#:~:targetText=CARE%20and%20FERA%20are%20PG%26E,know%20if%20you're%20eligible.

d. The AER program accommodates customers' emotional desires to recreate the exact provisions as in the original house (including gas appliances).

PG&E recognizes that customers may feel attached to gas appliances in their homes. The AER program accommodates this by offering both a dual-fuel and all-electric program incentive as part of program participation. In order to support California's decarbonization goals and regulations,¹¹ customers rebuilding all-electric homes are offered an increased incentive.

2. The AER program offerings will evolve by 2021 and may likely incorporate all-electric measures in alignment with California's carbon reduction goals.

In 2021, statewide new construction programs will have been designed by bidders in response to a statewide request for proposal (RFP) for both residential and nonresidential programs. The RFP is currently in progress and, while the expectation is that the program offerings will differ from how they have been in the past, it is too early to know how they will differ. The RFP encourages bidders to propose programs that are innovative and that improve upon previous program design. The RFP will also be structured to support alignment with state policy goals by allowing both dual-fuel and all-electric program designs. PG&E expects that the new construction portfolio may include programs that incentivize all-electric designs.

All-electric program proposals would be asked to include strategies for avoiding new pipeline infrastructure. For those proposals, the RFP will emphasize the desire to avoid new gas infrastructure in its entirety for new developments, versus simply reducing throughput for new pipelines that lead to higher costs for fewer customers.

All-electric proposals would be encouraged to avoid new pipeline infrastructure by accurately capturing equipment costs in cost-effectiveness inputs. Specifically, the full cost savings from all avoided gas equipment, including gas appliances, in-house gas infrastructure, and site gas infrastructure, would be considered benefits. The full costs of electric equipment, including electric appliances, additional in-house electric infrastructure, and any additional site electric infrastructure, beyond what would be required for a mixed fuel home, would be considered costs.¹²

PG&E recognizes that the tools in energy efficiency do not currently have the capability to fully capture avoided gas infrastructure costs. PG&E plans to gather any information on avoided gas infrastructure through the RFP while the mechanics of potentially claiming those benefits are discussed and approved by the CPUC (e.g. through the IDER or EE proceeding). The RFP will include a spreadsheet tool that standardizes the costs for meters and gas equipment to facilitate consistency across proposals.

¹¹ California Senate Bill (SB) 1477 and Order Instituting Rulemaking Regarding Building Decarbonization (R.) 19-01-011.

¹² Avoided gas infrastructure costs are added as a program benefit per the Standard Practice Manual adopted in D.05-04-051 and reaffirmed in D. 09-09-047 and D.12-05-015.

PG&E anticipates that all-electric new construction programs which incorporate the benefits of avoiding investments in gas infrastructure may improve cost-effectiveness and increase net benefits to ratepayers compared to dual-fuel alternatives for many building types. Improved alignment with future building codes and appliance standards will facilitate coordination with codes and standards activities, as expected by the Commission.

3. Conclusion

PG&E is committed to offering an AER program that remains open and responsive to feedback from customers and stakeholders. By implementing the strategic program changes above, PG&E demonstrates that the AER program is dedicated to continuous improvement in order to serve wildfire victims in the process of rebuilding their homes. PG&E is also centralizing California carbon reduction goals in considering future residential new construction programs and looks forward to the completion of the current RFP as the solicitation process continues through 2021.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 7, 2019, which is 29 days¹³ after the date of this filing. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to via both E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U

¹³ At the request of Energy Division, the protest period has been extended.

P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

PG&E requests that this Tier 1 advice letter submittal become effective upon submittal on December 9, 2019.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.13-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachment

cc: Service List R.13-11-005



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39M)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
 PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4194-G/5719-E

Tier Designation: 1

Subject of AL: Response to Non-Standard Disposition of PG&E Advice Letter Requesting an Extension of Advanced Energy Rebuild Program Eligibility

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 12/9/19

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

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December 9, 2019

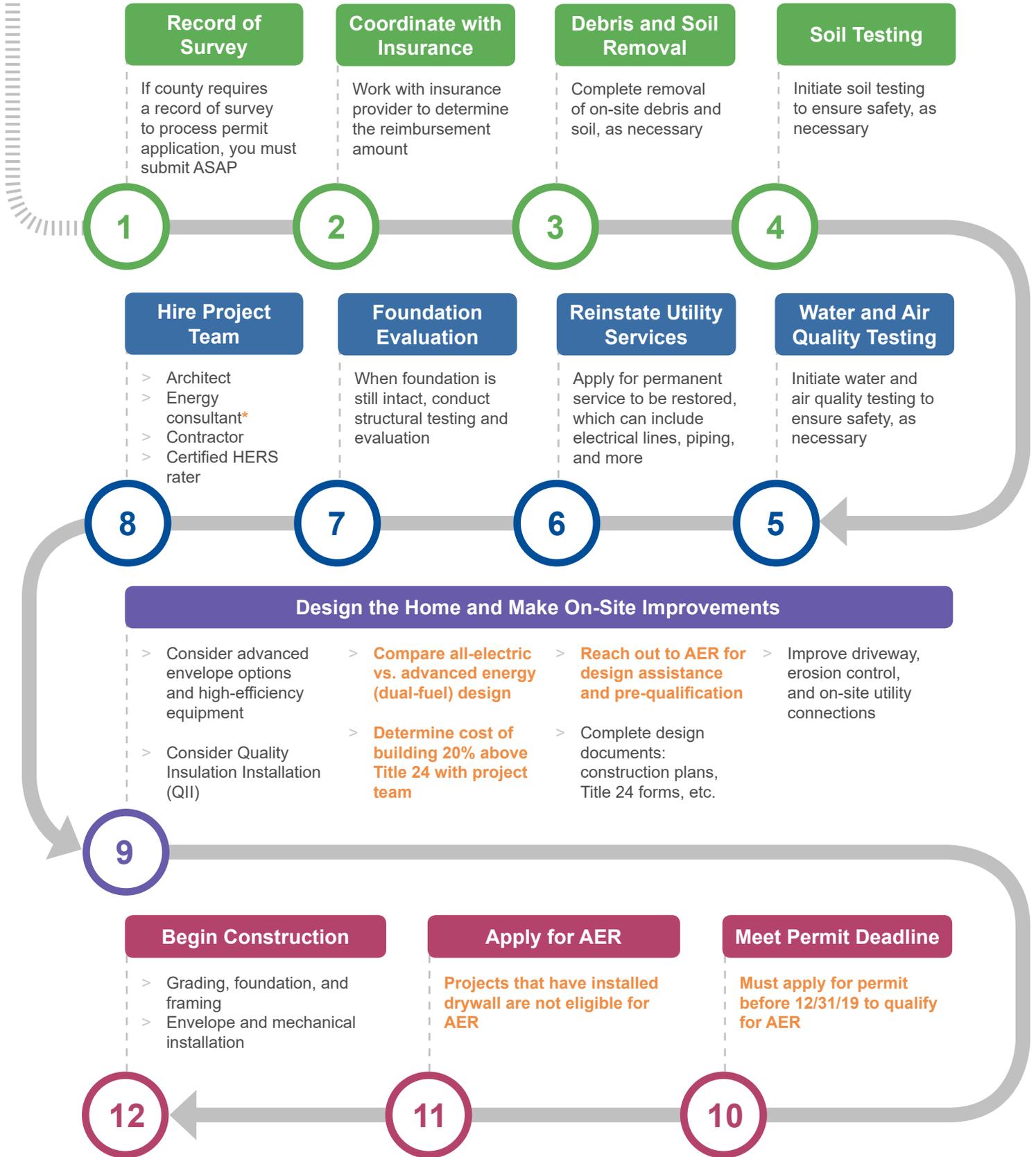
Attachment 1

Homeowner Rebuild Timeline Flyer



HOMEOWNER REBUILD TIMELINE

This timeline represents the typical home rebuild construction process. The **orange text** highlights steps specific to the Advanced Energy Rebuild (AER) program.



* Must be a Certified Energy Analyst (CEA)

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Praxair
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	
	Energy Management Service	
Alta Power Group, LLC	Engineers and Scientists of California	Redwood Coast Energy Authority
Anderson & Poole	Evaluation + Strategy for Social Innovation	Regulatory & Cogeneration Service, Inc.
	GenOn Energy, Inc.	SCD Energy Solutions
Atlas ReFuel	Goodin, MacBride, Squeri, Schlotz & Ritchie	
BART	Green Charge Networks	SCE
	Green Power Institute	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Hanna & Morton	
P.C. CalCom Solar	ICF	SPURR
California Cotton Ginners & Growers Assn	International Power Technology	San Francisco Water Power and Sewer
California Energy Commission	Intestate Gas Services, Inc.	Seattle City Light
California Public Utilities Commission	Kelly Group	Sempra Utilities
California State Association of Counties	Ken Bohn Consulting	Southern California Edison Company
Calpine	Keyes & Fox LLP	Southern California Gas Company
	Leviton Manufacturing Co., Inc. Linde	Spark Energy
Cameron-Daniel, P.C.	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
Casner, Steve	Los Angeles Dept of Water & Power	Sunshine Design
Cenergy Power	MRW & Associates	Tecogen, Inc.
Center for Biological Diversity	Manatt Phelps Phillips	TerraVerde Renewable Partners
	Marin Energy Authority	Tiger Natural Gas, Inc.
Chevron Pipeline and Power City of Palo Alto	McKenzie & Associates	
	Modesto Irrigation District	TransCanada
City of San Jose	Morgan Stanley	Troutman Sanders LLP
Clean Power Research	NLine Energy, Inc.	Utility Cost Management
Coast Economic Consulting	NRG Solar	Utility Power Solutions
Commercial Energy		Utility Specialists
County of Tehama - Department of Public Works	Office of Ratepayer Advocates	
Crossborder Energy	OnGrid Solar	Verizon
Crown Road Energy, LLC	Pacific Gas and Electric Company	Water and Energy Consulting Wellhead Electric Company
Davis Wright Tremaine LLP	Peninsula Clean Energy	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy		Yep Energy
Dept of General Services		
Don Pickett & Associates, Inc.		
Douglass & Liddell		