PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

Pacific Gas & Electric Company
GAS (Corp ID 39)
Status of Advice Letter 4680G/6760E
As of December 14, 2022

Subject: Notice of Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program Closure Request

Division Assigned: Energy

Date Filed: 11-14-2022

Date to Calendar: 11-16-2022

Authorizing Documents: D2105031

Disposition:	**Accepted**
Effective Date:	**12-14-2022**

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

edtariffunit@cpuc.ca.gov

AL Certificate Contact Information:

Stuart Rubio
(415) 973-4587
PGETariffs@pge.com

STATE OF CALIFORNIA **GAVIN NEWSOM,** *Governor*

PUBLIC UTILITIES COMMISSION
505 Van Ness Avenue
San Francisco CA 94102-3298

To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

Advice Letter Number
Name of Filer
CPUC Corporate ID number of Filer
Subject of Filing
Date Filed
Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
Effective Date of Filing
Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to
edtariffunit@cpuc.ca.gov

Pacific Gas and Electric Company

Sidney Bob Dietz II
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

Fax: 415-973-3582

November 14, 2022

Advice 4680-G/6760-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: **Notice of Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program Closure Request**

Purpose

Pursuant to California Public Utilities Commission ("Commission" or "CPUC") Decision ("D.") D.21-05-031, Pacific Gas and Electric Company (PG&E) submits this following Advice Letter ("AL") to notify the Commission of PG&E's request to close the Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program ("CESH-MF" or "the Program").

Background

The Commission authorized PG&E's Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program in September 2021.[1] PG&E issued a request for proposals ("RFP") consistent with Commission guidance[2] to implement its Statewide CESH-MF residential new construction (RNC) program in March 2020. PG&E received 7 bids and contracted with TRC[3] as the implementer.

PG&E launched the Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program in January 2022. From the beginning of 2022 to present, PG&E has been operating the mixed-fuel program in all California investor-owned utility (IOU) service territories. The program's performance to date included the completion of a combination of mixed-fuel alternations projects and enrollments for new construction projects. There were also submitted projects that were not able to meet the program's qualifications. In December 2021, the California Building Standards Commission adopted the 2022 Energy Code into the California Building Standards Code. As further explained below, the mixed-fuel program was initially established as a bridge to all-electric construction by requiring builders to adopt electric-ready practices. However, the 2022 Energy Code will render many of the electric-ready prerequisites ineligible for incentives.

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[1] PG&E Advice Letter 4466-G/6255-E
[2] D.18-01-004
[3] TRC was known as TRC Solutions at the time the program was launched.

PG&E followed the program closure guidelines provided by Commission staff on December 31, 2021, including the following requirements:

- PG&E notified the program implementer, TRC, of the intended program closure on July 7, 2022;
- PG&E notified service lists R.13-11-005 and A.22-02-005 et al. of requested program closure on September 23, 2022, at least 45 days prior to the filing of this Advice Letter.
- PG&E hosted a public webinar soliciting stakeholder input, detailing justifications for program closure and providing information on proposed next steps on October 13, 2022, at least 20 days prior to the filing of this Advice Letter.

Discussion

A. Program Description

The California Energy-Smart Homes Mixed-Fuel Residential New Construction Program focuses on supporting a high-level approach to achieving California's advanced energy efficiency policy goals through 2025. The implementer, TRC, engages with builders and developers to recruit potential new construction projects that are unable to make the switch to all-electric and alteration projects that are only willing to convert single end-uses to electric. The Program is available to customers in the Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) territories.

The mixed-fuel program offering serves three residential subsectors: single family and duplex, multifamily low-rise (three or fewer stories), and alterations. The goal of the Program is to "influence the decision and ease the transition for these customers to adopt advanced energy measures and facilitate future opportunities through non-incentivized, prerequisite measures that position homes to transition to all-electric and install demand response technologies more easily in the future."[4] To accomplish this, the program educates potential participants and stakeholders on the features of mixed-fuel and electric-ready homes; and enrolls projects.

Additional program objectives include incorporating grid harmonization and utility communication-enabling measures as prerequisites in residential new construction design, allowing for more easily achievable demand flexibility and grid integration in the future, preparing homes to be more easily and cost-effectively converted to all-electric, and overcoming misperceptions about fuel-substitution.

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[4] California Energy-Smart Homes Mixed-Fuel Residential Program Implementation Plan (October 22, 2021), pg.3

B. Justification for Closure

The mixed-fuel program was set up initially as a bridge to all-electric construction by requiring builders to adopt electric ready practices. Starting in January 2023, when the 2022 Building Energy Efficiency Standards for Residential and Nonresidential Buildings (Title 24, Part 6) go into effect, several of the electric readiness program pre-requisites will be prescriptively required by the 2022 code. This renders many of the electric readiness program prerequisites ineligible for incentives and sets a new energy code baseline. With an added emphasis on educating the market and homeowners/occupants, the remaining statewide all-electric new construction program (SW_NC_Res_electric) will further support the market by assessing satisfaction with all-electric homes and determining best practices for customer satisfaction.

Additionally, the solicitation and initial design of the CESH-MF program predated Decision (D.) 21-05-031, which directed portfolio administrators to "segment" their portfolios beginning in 2022 into resource acquisition, market support, and equity segments.[5] Market support programs are defined as "Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness."[6] In accordance with this definition, statewide new construction programs were included in the market support segment in the PG&E Program Year (PY) 2022-2023 Biennial Budget Advice Letter (BBAL)[7] and in the PG&E Energy Efficiency (EE) 2024-2027 Portfolio Plan.[8]

As part of a strategy to optimize for market support segmentation and in recognition that building electrification is a key strategy to achieve California's decarbonization goals, the California Energy-Smart Homes Mixed-Fuel Residential Program will close to new applications on December 31, 2022. Beginning January 1, 2023, the California Energy-Smart Homes Program will focus on only the All-Electric residential new construction program, known as, California Energy Smart Homes All-Electric (CESH-AE), enabling more whole-building electrification.

The CESH-AE program was solicited and launched simultaneously with CESH-MF and is also implemented by TRC. The CESH-AE program serves "new construction projects as well as alterations where the participant will be installing electric appliances and equipment, rather than natural gas appliances and equipment, or is completely removing all industry-standard natural gas appliances and equipment to install electric appliances and equipment, constituting a complete change in technology."[9] Following the closure of

[5] D.21-05-031, Ordering Paragraph (OP) 5
[6] Ibid, pg. 14
[7] PG&E Advice 4521-G/6385-E, as filed on November 8, 2021, and supplemented (PG&E Advice 4521-G-A/6385-E-A) on January 7, 2022
[8] PG&E Energy Efficiency 2024-2027 Portfolio Plan, Exhibit 2, Chapter 3, pgs. 3-12 - 3-17
[9] California Energy-Smart Homes All Electric Residential Program Implementation Plan (October 7, 2021), pg. 2.

the CESH-MF program, CESH-AE will continue to support the residential market to deliver whole-building electrification, including targeted pilot measures. In further support of advancing all-electric above-code technologies into the market, the program will focus data collection to support code advancements and evaluation. Similar modifications will be made to support whole-building electrification efforts and all-electric design practices in statewide nonresidential new construction programs[10] as well.

C. Program Start Date

January 1, 2022.

D. Planned Program Sunset Date

The Program will close to new applications at the end of 2022. Potential participants will have until December 31, 2022, to submit applications for mixed-fuel new construction and alteration projects. Projects already in progress or in the program pipeline will be completed as planned, with a target completion date of December 31, 2024.

E. Previous Three Years Program Metrics

a. Budget

CPUC Cost Categories	**2021**	**2022**
Administration	n/a	$278,543
Marketing and Outreach	n/a	$243,952
Direct Implementation Incentives and Rebates	n/a	$682,035
Direct Implementation Non-Incentive	n/a	$895,503
Total:	n/a	**$864,503**

b. Forecasted Cost-Effectiveness and Savings

Forecasted Cost-Effectiveness	**2021**	**2022**
TRC ratio	0.00	1.14
PAC ratio	0.00	1.18
Forecasted Savings (Net)	**2021**	**2022**
kW	73.00	31.09
kWh	146,500.00	62,153.35
therms	86,000.00	34,542.76

[10] PG&E is the statewide lead for the California Energy Design Assistance Mixed Fuel (CEDAM) Program and the California Energy Design Assistance All-Electric (CEDAE) Program.

F. Previous Two Years Expenditures and Claimed Savings

a. Budget Expenditures

CPUC Cost Categories	2021	2022 (Q2 Claims)
Administration	$74,214	$17,154
Marketing and Outreach	$0	$0
Direct Implementation Incentives and Rebates	$0	$0
Direct Implementation Non-Incentive	$197,790	$21,756
Total:	**$272,004**	**$38,910**

b. Claimed Cost-Effectiveness and Savings

Claimed Cost-Effectiveness	2021	2022 (Q2 Claims)
TRC ratio	0.24	0.08
PAC ratio	0.47	0.10

Claimed First Year Savings (Net)	2021	2022 (Q2 Claims)
kW	53.22	19.65
kWh	12,761.75	-7,138.93
therms	71,936.82	5,346.47

Given the Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program's approval at the end of 2021[11] the Program forecasted for no TRC/PAC or savings in 2021. 2022 cost-effectiveness and savings claims will be reported as appropriate in PG&E's 2022 Energy Efficiency Annual Report.

G. Stakeholder Feedback

PG&E served notice to the Commission service lists for R.13-05-011 and A.22-02-005, and subsequently hosted a public webinar regarding the Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program Closure on October 13, 2022. 14 participants in addition to PG&E staff attended. During the webinar, PG&E provided the opportunity for stakeholder feedback and questions. PG&E received

[11] PG&E Advice Letter 4466-G/6255-E, approved September 15, 2021. Per the Disposition, the program could not begin launch activities until the Implementation Plan was filed 60 days later, on November 14, 2021.

clarifying questions on the decision to close the program and shared the next steps of the program closure process, per CPUC guidance.

H. Plans to Replace the Program

There are no current plans to replace the program. The CESH-AE residential all-electric new construction program will remain open for alterations and new construction customers, and the design of the CESH-AE program already aligns with 2022 building code and California energy efficiency and decarbonization goals and trajectories.

The CESH-AE program will be putting additional emphasis on Targeted Pilot Measures (TPM)[12] to support installation of proven measures that are not widely implemented to-date, including central heat pump water heating and low global warming potential refrigerants. Both residential and non-residential statewide new construction programs will be modified accordingly to continue supporting whole building electrification, aiming to do projects with deeper interventions, and provide direct education and training opportunities to increase proliferation of all-electric design practices. Following CPUC guidance[13], PG&E will update the implementation plans for the remaining residential and nonresidential statewide new construction programs as appropriate.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than December 5, 2022, which is 21[14] days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

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[12] The targeted pilot measure component of the program will support the design and installation of technologies critical to decarbonization efforts that are not currently widely implemented. The CESH-AE program will offer both design support and installation incentives for these measures.
[13] Energy Efficiency Programs Implementation Plan Template Guidance, May 2020.
[14] PG&E is moving this date to the following business day because the 20-day protest period concludes on a weekend.

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 and 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

Pursuant to G.O. 96-B and D.21-05-031, PG&E respectfully requests that this Tier 2 advice filing become effective on regular notice, December 14, 2022, which is 30 calendar days after the date of filing.

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/

Sidney Bob Dietz II
Director, Regulatory Relations

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 (U 39 M)

Utility type:
- ☑ ELC
- ☑ GAS
- ☐ WATER
- ☐ PLC
- ☐ HEAT

Contact Person: Stuart Rubio
Phone #: (415) 973-4587
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: SHR8@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) #: 4680-G/6760-E

Tier Designation: 2

Subject of AL: Notice of Statewide California Energy-Smart Homes Mixed-Fuel Residential New Construction Program Closure Request

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 #:
D.21-05-031

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: N/A

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: 12/14/22

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 proposed[1]: N/A

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

[1]Discuss in AL if more space is needed.

Clear Form

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

California Public Utilities Commission Energy Division Tariff Unit Email: EDTariffUnit@cpuc.ca.gov	Contact Name: Sidney Bob Dietz II, c/o Megan Lawson Title: Director, Regulatory Relations Utility/Entity Name: Pacific Gas and Electric Company Telephone (xxx) xxx-xxxx: (415)973-2093 Facsimile (xxx) xxx-xxxx: Email: PGETariffs@pge.com
	Contact Name: Title: Utility/Entity Name: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

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

AT&T
Albion Power Company

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
Braun Blaising Smith Wynne, P.C.
California Cotton Ginners & Growers Assn
California Energy Commission

California Hub for Energy Efficiency Financing

California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity

Chevron Pipeline and Power
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

East Bay Community Energy Ellison Schneider & Harris LLP
Engineers and Scientists of California

GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
ICF
International Power Technology

Intertie

Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated Waste Management Task Force
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates

Modesto Irrigation District
NLine Energy, Inc.
NRG Solar

OnGrid Solar
Pacific Gas and Electric Company
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority
Regulatory & Cogeneration Service, Inc.

Resource Innovations

SCD Energy Solutions
San Diego Gas & Electric Company

SPURR
San Francisco Water Power and Sewer
Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Utility Cost Management
Utility Power Solutions
Water and Energy Consulting Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy