Valley Clean Energy Board Meeting – March 11, 2021
via Webinar

Item 11 – New Building Electrification Statement
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Background & Purpose

- New building electrification is consistent with VCE’s strategic plan goals of decarbonization and providing community benefits.
  - Objective 3.2: Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
- CAC Programs Task Group researched programs for the VCE territory that would encourage electrification of homes and businesses.
- The Task Group reviewed new building electrification policies and actions that can be taken by cities and counties.
- Gathered input from the CAC in January and developed recommendations to take to the VCE Board in March.

1) Retrofitting existing homes/buildings from gas to electric can be costly and complex.
Item 11 – New Building Electrification Statement

Benefits

• Lower CO2 emissions.

• Lower construction (no gas infrastructure) and ongoing costs\(^1,2\).

<table>
<thead>
<tr>
<th>Bldg Prototype</th>
<th>Construction Savings</th>
<th>Operational Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>&lt;= $5,349</td>
<td>$4,416</td>
</tr>
<tr>
<td>Multifamily</td>
<td>&lt;= $2,337</td>
<td>$1,864</td>
</tr>
<tr>
<td>Office</td>
<td>$82,330</td>
<td>$52,738</td>
</tr>
<tr>
<td>Retail</td>
<td>$24,111</td>
<td>$22,661</td>
</tr>
<tr>
<td>Hotel</td>
<td>$1.3 million</td>
<td>$1.24 million</td>
</tr>
</tbody>
</table>

• Better indoor air quality and improved safety.

1) Cost studies conducted by CEC and local jurisdictions. Several industry sponsored studies suggest potential cost increases – staff report provides add’l detail.

2) Table from Menlo Park study.
Approaches Adopted by Local Jurisdictions

• Electric preferred reach code\(^1\)
  • Builder incentives to eliminate gas through Title 24 process
• All electric required reach code\(^1\)
  • All energy needs met with electricity, some exceptions
• Natural gas ban (local ordinance)
  • Gas hookups are prohibited, some exceptions
• Approx. 42 municipalities (cities and counties) have taken one of the above approaches\(^2\).

1) Local building energy code that “reaches” beyond the state minimum requirements for energy use in building design and construction – requires cost effectiveness analysis.
2) See table on pg 5-6 of Staff Report on this item for specific actions by several jurisdictions.
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**Actions by CCAs**

- **MBCP (3CE)**
  - Offering **reach codes incentives (15K)** to cities in service area and grants for developers of all electric multi-unit dwellings.

- **SVCE**
  - Has a **web page on advantages of all electric buildings**
  - In their **decarbonization roadmap** they list encouraging reach codes for electricity in new buildings by member cities as a major approach (page 19)

- **PCE**
  - Has **award programs for design of all electric commercial and residential buildings**. The top award for commercial will be 3K and that for residential will be 1K. All awardees will be featured on PCE website and social media.
  - Has a **web page to defining REACH codes**

- **Coalition of PCE, SVCE and San Mateo Office of sustainability** has coalition on all electric new buildings.

1) Utilities and municipalities position can be found on page 7 of the Staff Report.
 Recommendation

That VCE take the following actions:

• (1) Adopt a statement supporting and encouraging electrification of new buildings:

  “Valley Clean Energy supports and encourages the electrification of new buildings to improve indoor air quality and as part of the transition to a lower carbon future.”

• (2) Share information regarding new building electrification broadly with VCE member jurisdictions upon request

• (3) Join the Building Decarbonization Coalition (buildingdecarb.org) at the General level (free to gov’t organizations).
Future Considerations

1. A webpage with general information on new building electrification; depending on member jurisdiction needs.

2. Incentives (reimbursements) to member jurisdictions that adopt new ordinances relating to new building electrification.

3. Sponsorship of a recognition program for both new residential and commercial all-electric projects in the VCE territory. Provide publication of the awardees on VCE website and social media. Also consider small bill credit awards.
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Item 12 – VCE Customer Rates (March 2021)
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Item 12 – VCE Customer Rates

Background

• November 2018 - the Board adopted a resolution to match PG&E generation rates less the Power Charge Indifference Adjustment (PCIA) and Franchise Fee.

• July 2019 – The Board authorized the Interim General Manager to approve any new rates identical to PG&E’s generation rate for that new tariff, net of PCIA and Franchise Fees.

• January 2021 - The Interim General Manager approved a de-minimis adjustment to VCE rates to maintain rate parity with PG&E.
Analysis – March 1, 2021 PG&E Rate Change

• The net effect of PG&E’s 3/1/21 average generation rate change (+2.8%) and PCIA increase requires VCE to reduce its average rate by approximately 1.4% to maintain rate parity.

• This VCE rate change is consistent with the budgeted forecast for FY 2020/21 that incorporated this level of rate and associated revenue impact.

• Staff does not expect these rate changes to have unanticipated adverse financial impacts on VCE.