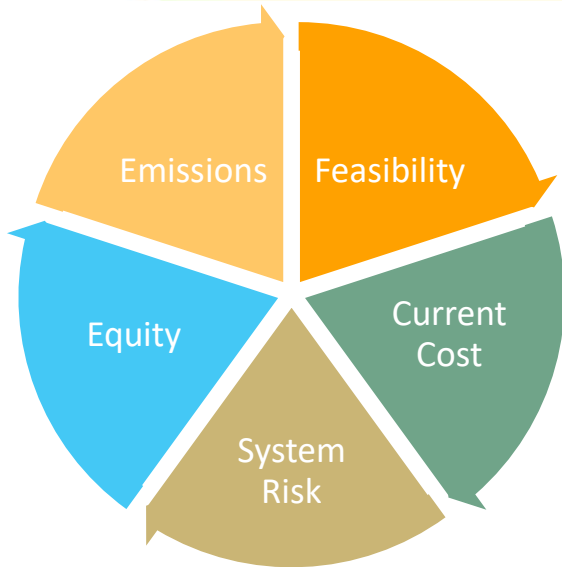


SB 1221
Implementation—
PG&E's Role, Goals,
and Needs

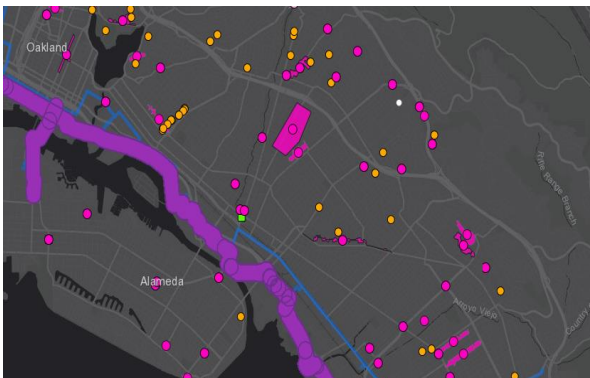




Existing PG&E Zonal Electrification Efforts



The Geospatial Electrification Tool calculates 5 “Index Scores” for each pipe segment, providing an initial assessment of electrification potential of a given geographic area



- PG&E currently implements two zonal/targeted electrification efforts, both of which require 100% customer consent for electrification:
 - The Alternative Energy Program (AEP) which avoids or reduces gas spending through more cost-effective alternatives
 - The Zonal Electrification Equity Pilot (ZEEP) focuses on identifying and demonstrating strategies for zonal electrification projects located in disadvantaged communities (DACs)
- PG&E has developed a *Geospatial Electrification Tool* to evaluate potential areas for zonal electrification using data such as customer income, prevalence of renters, geographic risks, and electric capacity:
 - PG&E staff use an internal version of the Geospatial Tool, which contains granular, protected data layers.
 - PG&E provides access to a higher-level version of this tool, under NDA, to local governments to allow collaboration on planning efforts.
 - PG&E also calculates “Index Scores” to help identify priority decarbonization areas for each pipe segment.



How PG&E Evaluates Non-Pipeline Alternative Cost Effectiveness

Non-Pipeline Alternative (1 year asset recovery)

- “Behind the meter” electrification cost estimate (eg: heat pumps, wiring)
- Cost estimate to retire in place or remove existing gas pipeline
- “Front of the meter” electric service upgrade cost estimate, if applicable

Pipeline Upgrades or Replacement (~60 year asset recovery)

- Pipeline upgrade or replacement cost estimate



- SB 1221 asks the PUC to establish “criteria and methodology for determining the cost-effectiveness of a zero-emission alternative as compared to replacement, repair, or continued operation of the affected asset of the gas system”
- Per bill language, non-energy benefits may be considered in prioritizing pilot projects, but shall not be used to calculate cost-effectiveness
- PG&E’s current process for evaluating non-pipeline alternatives involves a net present value calculation comparing the two options
- Generally, because of expense treatment, non-pipeline alternatives must be considerably less expensive than a capital pipeline project.
- An example of PG&E’s cost-effective calculations is in the CSU Monterey Bay application (Application 22-08-003)
- Cost estimates for zonal electrification projects change/refine over time and the pilot needs to account for that

Next Steps and Asks



An example of how meter data and electrification propensity data layers may be shown graphically in the Geospatial Electrification Tool.

Next Steps for Determining Project Locations

- PG&E estimates that we may have ample potential cost-effective projects that could be our SB 1221 pilot sites. Our current thinking is to narrow based upon:
 - Strength of community partner (CBO, city/county, implementer, CCA)
 - Size of project “zones”
 - Potential for customer bill savings
 - Diversity of building types, customer types, and geographies
- All potential projects will also need be evaluated for hydraulic feasibility, electric system capacity, and customer bill impact

Asks from the Commission and Stakeholders

- Establish a simple, quick process to submit and evaluate pilot projects which account for shifts in cost/scope as the project progresses.
 - Allow for “off ramps” for pilot projects if found to be no longer cost effective or viable.
- Determine cost-effectiveness definition early
- Determine customer journey and notification process early

Questions?

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