



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

Item 11 – New Building Electrification Statement



Public Comments

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Item 11 – New Building Electrification Statement

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 counties¹.
- 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.

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Benefits

- Lower CO2 emissions.
- Lower construction (no gas infrastructure) and ongoing costs^{1,2}.

Bldg Prototype	Construction Savings	Operational Savings
Single Family	<= \$5,349	\$4,416
Multifamily	<= \$2,337	\$1,864
Office	\$82,330	\$52,738
Retail	\$24,111	\$22,661
Hotel	\$1.3 million	\$1.24 million

- 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.

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Approaches Adopted by Local Jurisdictions

- Electric preferred reach code¹
 - Builder incentives to eliminate gas through Title 24 process
- All electric required reach code¹
 - 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 approaches².



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. 5

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Actions by CCAs¹

- MBCP (3CE)
 - Offering reach codes incentives (15K) to cities in service area and grants for developers of all electric multi-unit dwellings.
- SVCE
 - Has 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 (page19)
- 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.

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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).

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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

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.

Item 12 – VCE Customer Rates Analysis

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.