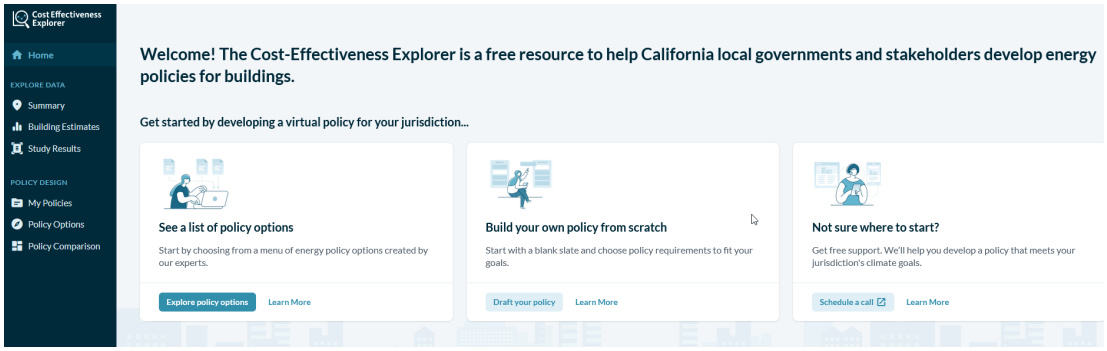
REACH CODE NEWS BRIEF: JULY 2024

NEW CAPABILITIES IN FREE ONLINE COST-EFFECTIVENESS EXPLORER!



The Statewide Reach Codes team has been hard at work updating its free, online tool, the Cost-Effectiveness Explorer. With nearly 800 policies created for more than 100 jurisdictions across California, the Explorer is one of the most popular and effective policy assistance tools available to local jurisdictions.

The continuing development efforts in the past several months have focused on incorporating changes across the reach codes landscape, and updated study results.

For policy development related to new construction, users can now develop policies that include a High-Performance Policy Option, which sets a single compliance margin for all fuel types, and encourages the all-electric path. As part of this update, the development team eliminated the previous restriction of setting individual margins by fuel type, tied to the study results. Updated study results are also now available for new construction.

For policy development related to existing buildings, the team made the following changes:

- Incorporated new data: all the data from the Updated 2022 Existing Single Family Cost Effectiveness study has been included in the Explorer
- Redesign of the Requirements Page: The team streamlined the tool’s requirements page, so users can create both flexible and prescriptive requirements on the same page. This page also includes a dynamic impacts bar at the bottom, allowing the user to monitor the estimated impacts while configuring the policy requirements.

- Impacts for Flexible Requirements: While the Explorer has included impact estimates for a policy's prescriptive requirements, it now also supports impact estimates for flexible requirements. These impacts are calculated by analyzing various combinations of measures that meet the required flexible score, based on the assumption that permit applicants will prioritize cost reduction.

The Explorer includes an ongoing record of updates available on the home page, so users can always learn the latest updates to the tool. In addition, users from any jurisdiction may request free help, a one-on-one walkthrough, or other personalized assistance directly on the Explorer homepage.

UPCOMING EVENTS

August 4-9: ACEEE: Summer Study on Energy Efficiency in Buildings, Asilomar, Pacific Grove

August 6-8: Alliance for Water Efficiency: 2024 Water Efficiency & Conservation Symposium, Chicago IL

August 7: BayREN and Energy Code Ace: 2022 Title 24, Part 6 — Single-family Standards: Accessory Dwelling Units (ADUs)

August 8: 3C-REN: Heat Pumps for Heating and Cooling – Part 2: All-Electric Design and Construction Series

August 14: California Energy Commission Business Meeting

August 22: I-REN: Heat Pump Water Heaters for Building Departments



NEW THIS MONTH!



THE CALIFORNIA PUBLIC UTILITIES COMMISSION CHANGES THE WAY UTILITY BILLS ARE STRUCTURED TO ADDRESS AFFORDABILITY, ENABLE DECARBONIZATION

In response to the rising financial burden of electricity costs on low-income households, California lawmakers enacted Assembly Bill 205 in 2022, mandating a restructuring of the state's electricity pricing to improve affordability and equity, while simultaneously facilitating widespread electrification of buildings and transportation.

What Is the Fixed Charge?

This legislation paved the way for regulators at the California Public Utilities Commission (CPUC) to update the billing structure for electricity customers, authorizing the three large electric Investor-Owned Utilities (IOUs) to shift some of the fixed costs of maintaining the electric grid from usage-based rates to a separate, fixed amount on customer bills. The restructuring does not change the total costs that utilities can recover from customers. The new fixed charge was approved at the CPUC's May 9th, 2024, Business Meeting, impacting residential customers in all climate zones. Afterward, the CPUC posted a news article and fact sheet summarizing it.

When Does it Become Effective and How Much Is It?

The fixed charge will go into effect sometime in the last quarter of 2025 for customers in Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E) service areas. Customers in the Pacific Gas and Electric (PG&E) service territory will transition to the new rate structure in the first quarter of 2026. Many customers within these service areas will be charged $24.15 each month, while low-income customers will be eligible for a discounted fixed charge of $6 or $12.08 each month. The fixed charges will be offset through a reduction in rates for all residential customers with an approximate decrease of $0.05 per kilowatt-hour for PG&E and SCE customers and approximately $0.07 per kilowatt-hour for SDG&E customers. The fixed charge does not change utility revenue as the usage-based rate reduction is proportional to the size of the charge across all customers in aggregate (e.g., the fixed charge is revenue neutral for utilities). Fixed charges include the cost of infrastructure that connects all customers to the grid, such as wires and transformers that send power to and from a home. These costs do not vary based on a customer's energy consumption.

While the decision does not require customers to provide household income, customers enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs provide income information when they enroll. Customers enrolled in these programs qualify for the specific discounted fixed charge for which they are eligible.

Impact on Reach Code Development

The implementation of a separate fixed charge on electricity bills aims to distribute the fixed costs of providing electrical service more fairly among all residential customers. In addition to addressing affordability concerns, this billing structure is designed to support the adoption of electric vehicles (EVs) and the transition from gas-powered to electric appliances, through the reduced volumetric (i.e., electric usage) charges. Without this restructuring, customers might be discouraged from electrifying, as those who are in all-electric buildings would pay a higher proportion of grid costs. With the reduced volumetric rate associated with the fixed charge, converting to electric end uses may become more financially appealing, in alignment with the State's greenhouse gas (GHG) reduction goals.

For jurisdictions pursuing reach codes and other electrification initiatives, this decision is expected to have a positive effect on building decarbonization, a key solution to reducing GHG emissions in the built environment.

The impact of the fixed charge on a residential customer's total bill will vary depending on their location and their eligibility for a reduced fixed charge. Customers in coastal areas who use a low amount of electricity may experience modest electricity bill increases, whereas those in inland service areas with average electricity usage may experience electricity bill decreases. However, customers who qualify for CARE and FERA programs will generally experience bill reductions across all geographic areas.

Converting appliances from gas to electricity may result in significant monthly savings for customers in both inland and coastal climates due to the fixed charge and the accompanying reduced volumetric rate. Additionally, customers currently utilizing EVs or acquiring them may realize additional monthly savings. For example, SCE customers may experience average savings of around $11-12 for home electrification and approximately $16 for transportation electrification according to the CPUC[1]. This adds up to an overall monthly savings of approximately $28 for inland customers and $29 for coastal customers, highlighting the potential financial benefits to customers from electrification efforts across different geographic regions.

The Local Energy Codes team will examine the impact of new tariffs that emerge as a result of this process, when the tariffs are finalized.

[1] https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M531/K686/531686019.PDF

This program is funded by California utility customers and administered by Pacific Gas and Electric Company, San Diego Gas & Electric Company (SDG&E®) and Southern California Edison Company under the auspices of the California Public Utilities Commission and in support of the California Energy Commission.

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OTHER REACH CODE NEWS BRIEFS

October 2026 September 2026 August 2026
Archives