

Clean Energy Infrastructure Innovations



Did you know?

In 2022, SDG&E released a study called *The Path to Net Zero: A Decarbonization Roadmap for California*. The GRC budget proposal represents the next step forward to implement the roadmap and advance regional and statewide net zero goals to create a cleaner, stronger and healthier future. Learn more at sdge.com/netzero



Our Commitment

To learn more about the General Rate Case, visit sdgeratesinfo.com

INTRODUCTION

As climate change worsens and poses new threats to the safety, health and well-being of our customers and communities, SDG&E® is seeking to accelerate the clean energy transition by investing in clean energy infrastructure innovations to support rapid decarbonization of transportation, buildings and eventually our entire economy. Keeping top of mind our region and state's aspirations to become carbon neutral over the next two decades, SDG&E submitted its 2024-2027 budget proposal known as a general rate case to the California Public Utilities Commission (CPUC) on May 16, 2022, with a primary focus on sustainability, in addition to safety and reliability.

Regulated utilities in California like SDG&E are required to submit GRCs to the CPUC every four years to cover operations and maintenance, as well as capital investments.





HIGHLIGHTS

Implement Next-Generation Grid Management, Automation and Remote Sensing Tools. These advanced technologies will enable more renewable and clean energy – such as rooftop solar and residential energy storage – to be integrated with the grid to safely and reliably displace fossil fuels, and to facilitate two-way flow of electricity from the grid to vehicles and buildings and from vehicles and buildings to the grid. Eventually, it will be possible for customers to directly aggregate their excess renewable energy (or through third-party aggregators) and dispatch it to the California wholesale energy market and get compensated for helping to alleviate system capacity constraints.

Expand Zero-Emission Microgrids Across the Region to Build Community and Grid Resiliency. By coupling renewable energy and energy storage with new microgrids, SDG&E can keep critical community infrastructure, such as sheriff's and CALFIRE facilities powered if there is a Public Safety Power Shutoff due to high winds and fire risk.

Expand, Operate and Maintain Electric Vehicle (EV) Charging Infrastructure Throughout the Region. This will help enable more consumers to make the switch to zero-emission vehicles and save on fuel costs, and reduce air pollution. All passenger vehicle sales in California are required to be zero-emission by 2035 and medium and heavy-duty vehicle sales are required to be zero-emission by 2045, where feasible, as transportation is the single largest source of greenhouse gas emissions in California.

Add More Utility-Scale Energy Storage at Strategic Locations. Increasing energy storage capacity will help maximize the use of excess solar energy, which often goes unused during the middle of the day, and also help bolster the grid's ability to meet high customer demand on hot summer days.

Modernize and Decarbonize the Natural Gas System.

In addition to modernizing the gas system with pipe replacements and remote shutoff valves, SDG&E proposes to conduct “a clean gas alternatives to electrification” study to understand the affordability and feasibility of blending hydrogen into existing gas pipelines to reduce emissions and support customer choice.

Study the Potential to Convert Existing Natural Gas Power Plants to Run on Hydrogen.

SDG&E plans to undertake feasibility studies to understand the technical and cost requirements for upgrading its natural gas-fired plants to operate on blended hydrogen and natural gas and ultimately, 100% clean hydrogen gas.

Establish Hydrogen Build Ready Infrastructure Pilot.

This demonstration project will facilitate the development of electric system service infrastructure to support customers' localized, onsite production of hydrogen via electrolysis for the purpose of supporting clean, hydrogen-based transportation. This project would help cover the interconnection and service upgrade costs a customer may incur for the installation of a hydrogen electrolyzer on the regional electric grid.

Upgrade to Environmentally-Friendly Insulation Mediums for Switchgear. SDG&E plans to proactively remove or replace sulfur hexafluoride (SF6) gas insulated distribution switchgear, as SF6 contributes to elevated greenhouse gas levels.

Upgrade SDG&E's Field Service Vehicle Fleet to Zero-Emissions or Lower-Emissions Vehicles. SDG&E proposes acquiring 507 light-duty electrified vehicles, which will grow the company's light-duty electrified fleet from about 20% to 54% by year-end 2024.



What's new or different about this general rate case?

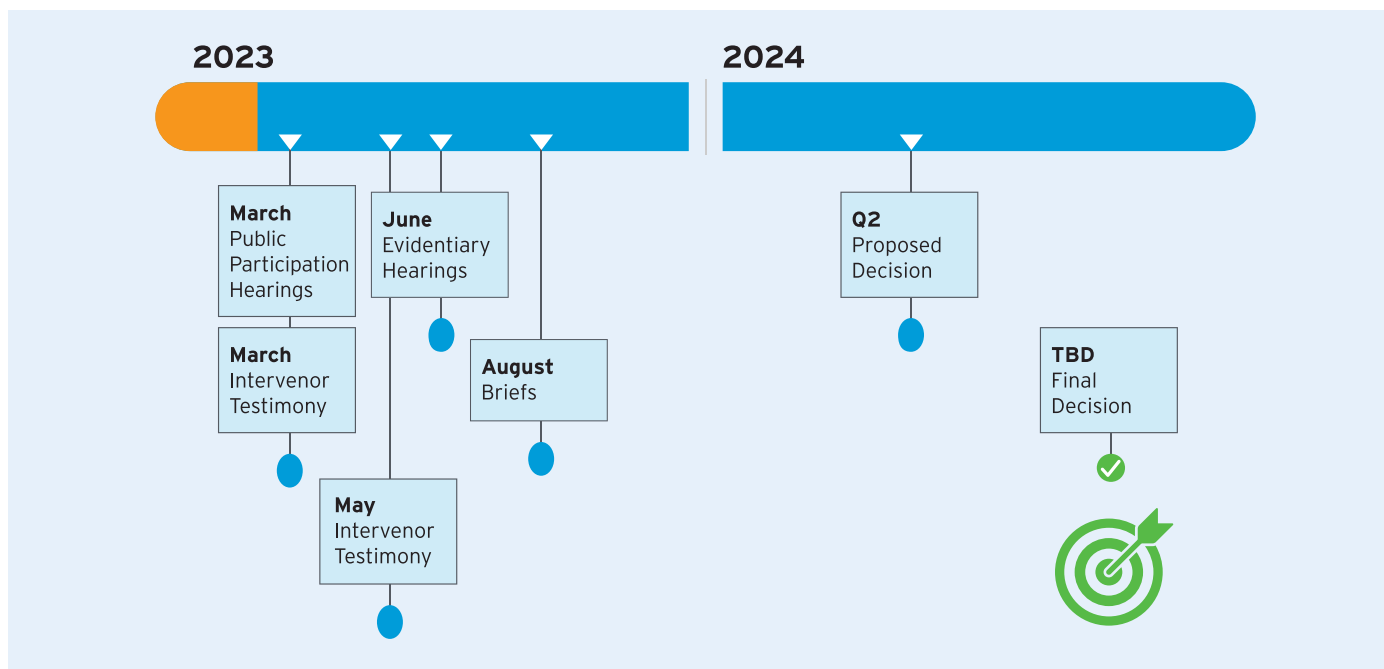
- This is SDG&E's first GRC focused on meeting long-term regional and statewide sustainability and clean energy goals.
- This is SDG&E's first GRC to incorporate a 10-year plan for transforming the electric grid to support rapid decarbonization of transportation, buildings and eventually the entire economy.



What regional and statewide climate goals will the GRC support?

- 24 of 25 cities in SDG&E's service territory have adopted climate action plans, many with goals for clean energy, and transportation and building electrification.
- The City and the County of San Diego have both set goals to become net zero emissions by 2035 and California aims to achieve the same by 2045.
- All passenger vehicle sales in California are required to be zero-emission by 2035, and all medium and heavy-duty vehicle sales are to be zero-emission by 2045, where feasible.

GRC PROCESS



GRCs are open and transparent proceedings conducted before the CPUC, involving extensive comments from customers, stakeholders and public interest advocates. SDG&E's proposal will be thoroughly reviewed before the CPUC makes a decision. New rates approved under the GRC will take effect based on the CPUC's final decision.

ECONOMIC BENEFITS

New Jobs and Industry Growth – Grid modernization initiatives will empower an entirely new ecosystem of clean energy jobs and industries, including EV charging providers and manufacturers, hydrogen producers, solar, energy storage and electric appliance installers to grow, as we move toward greater electrification of our economy.

Workforce development programs – SDG&E is working with local community colleges and workforce development programs to train the next generation of qualified electrical workers to support the clean energy transition, including jobs installing and maintaining EV chargers, battery storage and microgrids.



Supplier diversity – SDG&E has a long history of hiring local small and diverse businesses that supply goods and services we need to serve our customers. By building a diverse supply chain, we are continuing to advance an inclusive culture and drive better business outcomes. In 2021, diverse suppliers represented 39.1 percent of overall spend (\$936 million). Once again, we surpassed the California Public Utilities Commission's goal of 21.5 percent in diverse spending.

Diverse workforce – With a workforce composed of 52% people of color, SDG&E employs a diverse population that reflects the communities we serve. Our employees work and live in these same communities and contribute to the local economy.

