

The Case for Prudent Governance Before Grid-Dependency

As the founder of the Energy & Environment Program for the MIT Club of Northern California (2003), I am intimately familiar with climate science and the urgent need to transition away from fossil fuels. However, I stand in firm opposition to this natural gas water heater ban until we achieve fundamental reform in our fragmented and inadequate utility governance, of which the Bay Area Air District is a part.

There are 3 things missing from the hearing I attended today:

1. Cost is not assessed in contrast to benefits and alternatives.

Slides 7 and 38 make up benefits statements with an upper annual limit (\$890m), but do not define a range of probable savings, nor the factors which will determine those benefits, nor a sensitivity analysis of the likely outcomes based on behavior of those factors.

Were these rules adopted for the 3 million housing units in the Bay Area, the cost would be over \$10 Billion. However, as testimony today revealed there are additional costs not included in your per unit assumption, making just the water heater costs multiples of \$10 Billion.

Whether there are rebates or not, that cost will exist – the rebates will just shift some of that cost to other taxpayer sources.

The future cost of gas furnaces will be even higher.

Thus, any such rule will decrease the affordability of the Bay Area without prudent cost-benefit management.

2. Inadequate controls over the cost benefit of this program.

While the proposal is to reassess the program for a couple of years, the method of reassessing both the benefits and the costs was not explained. Until such mechanisms exist and are proven auditable, no such regulations should be adopted.

Note further that the program costs are dependent upon future electricity costs in comparison to gas or other energy alternatives, which were not analyzed. Also, there are no controls placed on the electricity provider regarding what it can charge for service delivery and upgrades.

3. The condition of our utility infrastructure and governance.

We cannot ethically mandate electrification while our residents are tethered to a system defined by monopoly mismanagement. Consider the current state of PG&E and the CPUC:

- Executive Excess vs. Public Burden: This year, the PG&E CEO's compensation reached \$20 million, following a three-year average of \$15.6 million.
- The Affordability Crisis: PG&E electricity rates are 230% of the national average. We have surpassed even Hawaii, placing Northern California dead last in nationwide affordability.
- Commercial Favoritism: While data centers are permitted to consume massive capacity - further driving up rates - homeowners are restricted to adding a mere 1 kW to their solar systems.

This gas ban does not create "green" living; it creates monopoly dependence. It subjects property owners to a patchwork of uncontrolled extra costs and administrative hurdles that decrease their resilience during frequent power outages.

Instead of fostering true energy independence and resilience, this policy drags citizens into deeper reliance on a utility that has proven itself to be some combination of incompetent or corrupt —enabled by state governance that appears equally compromised. Note that the major pollution in California has been from fires caused by utility monopolies. We must demand major reforms to our utility cost-effectiveness before we force residents to surrender their last remaining energy alternatives to a parasitic monopoly with uncontrolled and unjustified rate increases.

These regulations could be considered well-meaning, were they not so clearly one-sided in their consideration of the multiple trade-offs involved. I urge the Board to defer consideration of these rules until a more comprehensive consideration of the factors cited above is produced by an independent entity, that is, not the Staff beholden to this rule-making body.