



CITY OF ENCINITAS

New Building Electrification Regulation: Exception 3

Encinitas Municipal Code Section 23.12.080.D-E



What projects may Apply for EMC Section 23.12.080.D. Exception 3?

Where the City determines that an Applicant's project is a **new** residential **or** nonresidential building, EMC Section 23.12.080.D-E applies. **Only** projects where there is existing electrical service provided by SDG&E owned infrastructure to the property may apply for Exception 3. Exception 3 does not apply where there is no existing SDG&E infrastructure and service to a property (e.g., new construction where no buildings and related SDG&E owned infrastructure existed prior).

An Applicant must submit required documentation from SDG&E that demonstrates electric service required to comply with EMC Section 23.12.080.D-E will 1) require a change to existing service that 2) results in significant alteration of SDG&E owned infrastructure to service Applicant's all-electric peak load that results in an Applicant paying for SDG&E infrastructure upgrade costs that are 20% or more compared to new service for electric and natural gas on the same project. Costs related to an Applicant's monthly utility bill and any costs related to Applicant owned property, such as panel upgrades, are excluded.

Application of Exception 3 is at the discretion of Development Services Director or their designee.

Note: Because SDG&E's utility system is built for peak load, It is likely that use of the exception will be limited.

Key Definitions:

Peak Load: Maximum electrical or natural gas service requested by Applicant from SDG&E to supply project's appliance(s) and/or other end-use load(s) through SDG&E's [Builder Services](#).

Significant Alteration to Local Utility Infrastructure: Upgrade to existing SDG&E owned equipment that is caused and must be paid for by Applicant to comply with EMC Section 23.12.080.D-E.

Local Utility Infrastructure: Electric transmission and distribution system and related facilities located in California and operated by SDG&E as defined in SDG&E Electric [Rule 1](#) "Utility System" definition. Pipeline transmission and distribution system and related facilities located in California and operated by SDG&E as defined by SDG&E Gas [Rule 1](#) "Utility System" definition.

Residential Example:

1. City determines proposed project that increases the square footage (sq. ft.) of an existing single-family home from 1,000 sq. ft. to 4,000 sq. ft. is new construction.
2. Applicant determines that electrical service must be changed to serve the all-electric load. Applicant applies to SDG&E for upgrade to existing electric service for all-electric construction.
3. SDG&E determines that there are no utility infrastructure upgrade costs that result from all-electric service request.
4. *Exception 3 does not apply.*



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Nonresidential Example:

1. City determines proposed project that replaces a strip mall with a multi-story mixed used building that includes residential and commercial is new construction.
2. Applicant determines that electrical service must be changed to serve the all-electric load. Applicant applies to SDG&E for upgrade to existing electric service for all-electric construction.
3. SDG&E determines that all-electric service will require upgrade to existing transformer with a cost of **\$58,900**.¹
4. Applicant applies to SDG&E to upgrade existing service using both electric and natural gas for a comparison.
5. SDG&E determines that there are electrical infrastructure upgrades required totaling \$5,000. SDG&E also determines that new natural gas service will require changes to SDG&E natural gas infrastructure that exceeds SDG&E Gas Rule 15, Section C formula by \$40,000 and must be paid by Applicant per SDG&E Gas Rule 16, Section E. The total cost for upgrades for the combined electric and natural gas service option would be **\$45,000**.
6. The difference between the cost for upgrades needed for the all-electric service option and the combined service option would be **\$13,900**. This is **31%** higher than the upgrades costs for the combined service option, which **exceeds the 20% threshold** (Figure 1).
7. This Applicant may submit this documentation for all-electric requirement exemption under Exception 3. The Development Services Director or their designee act with discretion and may exempt this Applicant for EMC Section 23.12.080.D-E.

Figure 1 Illustrative Nonresidential Example of Determining Whether Exception 3 Applies

ALL-ELECTRIC SERVICE OPTION	
(a) Electric service upgrade costs	\$58,900
COMBINED SERVICE OPTION (Electric and Natural Gas)	
(b) Electric service upgrade costs	\$5,000
(c) Natural gas service upgrade costs	\$40,000
(d) Total combined service upgrade cost (b+c)	\$45,000
(e) Difference between service options (a-d)	\$13,900
(f) Difference as a percent of combined service option (e/d)	31%
(g) Additional cost threshold in EMC Section 23.12.080.D	20%
Is f greater than g?	Y

¹ See SDG&E Estimated Unit Cost Guide, March 31, 2020:

https://www.sdge.com/sites/default/files/documents/updated_rule_21_unit_cost_guide_3-31-20_R3_EAJ1.pdf?nid=8681.