

**Record of Categorical Exclusion  
for  
Pacific Gas and Electric's (PG&E's)  
Virtual Power Plant Automated Demand Response and Capacity Bidding Programs**

**Description of Categorically Excluded Action**

The United States Department of Energy (DOE) Title XVII Energy Infrastructure Reinvestment (EIR 1706) Program was established pursuant to the Inflation Reduction Act of 2022, which amended Title XVII of the Energy Policy Act of 2005 to include the EIR Program. The EIR Program provides loan guarantees for projects that either: (1) retool, repower, repurpose, or replace energy infrastructure that has ceased operations; provided that if the project involves electricity generation through the use of fossil fuels, it is required to have controls or technologies to avoid, reduce, utilize, or sequester air pollutants and anthropogenic emissions of greenhouse gases; or (2) projects that enable operating energy infrastructure to avoid, reduce, utilize, or sequester air pollutants or anthropogenic emissions of greenhouse gases.

The DOE Loan Programs Office (LPO) is considering whether to issue a loan guarantee of a funding facility to Pacific Gas and Electric Company (PG&E) pursuant to its authority under the EIR 1706 Program. In its application, PG&E has identified the Virtual Power Plant Automated Demand Response and Capacity Bidding Programs (Project) for inclusion in the funding facility that is the subject of DOE's loan guarantee (the Proposed Action). PG&E may request inclusion of multiple individual projects with independent utility in the funding facility that is the subject of the DOE loan guarantee; accordingly, DOE will complete an environmental review pursuant to the National Environmental Policy Act (NEPA) for these projects prior to their inclusion in the funding facility that is the subject of DOE's loan guarantee.

**Project Description**

PG&E's Automated Demand Response Program and Capacity Bidding Program are complementary demand response programs that work together during system peak loads to meet electricity needs. These programs work through demand-side devices and programs to induce demand response and energy efficiency to provide reliable load-shedding capacity; reliable load shedding capacity reduces energy waste, peak demand, renewable curtailment, and system capacity investment costs.

The Automated Demand Response Program provides rebates to offset the purchase and installation costs of new behind-the-meter distributed energy resource technologies (e.g., energy efficient devices, electric vehicle chargers) and controls (e.g., energy management systems, heating, ventilation and air conditioning (HVAC), lighting, agricultural pumps, and refrigeration). Automated Demand Response customers are required to enroll in a qualified third-party aggregator or utility demand response program, such as the Capacity Bidding Program. The Capacity Bidding Program pays aggregators for their enrolled megawatt capacity of demand response load, and for the energy curtailed when demand response events are signaled. Enrolled customers may receive payments or incentives from an aggregator to further enable the customer's investment in hardware, planning, and configuring operating schemes to be responsive to the Capacity Bidding Program.

PG&E's Automated Demand Response Program and Capacity Bidding Program have been in place since 2007. The Project provides federal financial support to assure continued availability of demand response capacity and increase the number of enrolled participants. The Project does not entail any construction activities.

In accordance with the Endangered Species Act, LPO's review of the Project found that there would be no

effect to listed species or critical habitat as it does not involve any construction activities.

In accordance with the National Historic Preservation Act, LPO's review of the Project found that it is not an undertaking with potential to cause effects on historic properties, as it does not involve any construction activities.

### **Number and Title of Categorical Exclusion(s)**

The Project is consistent with and covered by DOE categorical exclusions in 10 Code of Federal Regulations (CFR) Part 1021, Appendix B1, Categorical Exclusions Applicable to Facility Operations and Appendix B5, Categorical Exclusions Applicable to Conservation, Fossil, and Renewable Energy Activities. The Project is covered by DOE Categorical Exclusions B1.7 and B5.1.

#### ***B1.7 Electronic Equipment***

*Acquisition, installation, operation, modification, and removal of electricity transmission control and monitoring devices for grid demand and response, communication systems, data processing equipment, and similar electronic equipment.*

#### ***B5.1 Actions to Conserve Energy or Water***

*(a) Actions to conserve energy or water; demonstrate potential energy or water conservation, and promote energy efficiency that would not have the potential to cause significant changes in the indoor or outdoor concentrations of potentially harmful substances. These actions may involve financial and technical assistance to individuals (such as builders, owners, consultants, manufacturers, and designers), organizations (such as utilities), and governments (such as state, local, and tribal). Covered actions include, but are not limited to weatherization (such as insulation and replacing windows and doors); programmed lowering of thermostat settings; placement of timers on hot water heaters; installation or replacement of energy efficient lighting, low-flow plumbing fixtures (such as faucets, toilets, and showerheads), heating, ventilation, and air conditioning systems, and appliances; installation of drip-irrigation systems; improvements in generator efficiency and appliance efficiency ratings; efficiency improvements for vehicles and transportation (such as fleet changeout); transportation management systems (such as traffic signal control systems, car navigation, speed cameras, and automatic plate number recognition); development of energy-efficient manufacturing, industrial, or building practices; and small-scale energy efficiency and conservation research and development and small-scale pilot projects. Covered actions include building renovations or new structures, provided that they occur in a previously disturbed or developed area. Covered actions could involve commercial, residential, agricultural, academic, institutional, or industrial sectors. Covered actions do not include rulemakings, standard-settings, or proposed DOE legislation, except for those actions listed in B5.1(b) of this appendix.*

*(b) Covered actions include rulemakings that establish energy conservation standards for consumer products and industrial equipment, provided that the actions would not:*

- (1) Have the potential to cause a significant change in manufacturing infrastructure (such as construction of new manufacturing plants with considerable associated ground disturbance);*
- (2) Involve significant unresolved conflicts concerning alternative uses of available resources (such as rare or limited raw materials);*

- (3) *Have the potential to result in a significant increase in the disposal of materials posing significant risks to human health and the environment (such as RCRA hazardous waste); or*
- (4) *Have the potential to cause a significant increase in energy consumption in a state or region.*

**Regulatory Requirements defined in 10 CFR § 1021.410(b)**

The Proposed Action and related Project activities described above were subjected to an environmental due diligence review by DOE LPO staff to ensure they are consistent with the specific category of actions (categorical exclusion) contained in Appendix B of 10 CFR Part 1021 and the conditions for applying categorical exclusions specified in Section 410 of Part 1021. To ensure the requirements of Appendix B were met, LPO staff reviewed numerous project-related documents obtained between January 2024 and May 2024 and participated in several conference calls with PG&E staff to ensure a complete understanding of the activities associated with the Project.

The environmental due diligence review determined that there is no controversy regarding the potential environmental impacts of the Project, and that the actions associated with the loan guarantee would not adversely affect any physical, biological, or socio-cultural resources associated with the deployment of the project. The environmental due diligence review determined the Proposed Action has not been segmented to meet the definition of a categorical exclusion.

The Comment section below is provided for any necessary clarifications concerning the findings listed above. Signature by PG&E’s designated representative in the Corporate Validation section is an indication of PG&E’s concurrence with the findings and determinations presented above.

**Comment(s)**

---



---



---



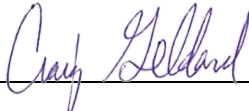
---

**Corporate Validation**

Name and Title (Print):

Craig Geldard, Sr. Manager, Environmental Management

Signature and Date:

---

### **Determination**

Based on my review of information conveyed to me and in my possession concerning the actions associated with the proposed EIR Program (EIR 1706) loan guarantee described above, as NEPA Compliance Officer (as prescribed in DOE Policy Directive 451.1), I have determined that the actions involve no extraordinary circumstances and fit within the specified category of actions in Appendix B of 10 CFR Part 1021 described above, and are hereby categorically excluded from further review under NEPA (42 United States Code 4321, as amended).

DOE will complete a review of any future projects in accordance with NEPA prior to their inclusion in the funding facility that is the subject of the DOE loan guarantee.

### **Signature and Date**

---

Anna Eskridge, Ph.D.  
NEPA Compliance Officer  
Loan Programs Office