

**SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING REAUTHORIZATION OF THE
CUSTOMER INCENTIVE PROGRAM**

(A.16-12-010)

(DATA REQUEST ORA-04)

**Date Requested: August 4, 2017
Date Responded: August 18, 2017**

Subject: SoCalGas Application (A.) 16-12-010 Chapter I Supporting Testimony

QUESTION 1:

Starting at line 2 on page 1 of the above subject, SoCalGas states:

Southern California Gas Company (SoCalGas) requests approval from the California Public Utilities Commission (Commission or CPUC) in this Application for SoCalGas' Customer Incentive Program (CIP). This is a program in which SoCalGas will offer a shareholder funded incentive to existing or new customers when they commit to install natural gas technology that will be more energy efficient or improve greenhouse gas (GHG) or criteria air pollutants emissions than a baseline standard.

Continuing at line 13 page 1, SoCalGas states:

The CIP is designed to support the State's effort to transform California's energy economy to cleaner solutions, to give consumers cleaner and more efficient energy technology choices, and to improve the State's energy resiliency.

Footnote 1 in the above quote cites reference to CARB 2030 Target Scoping Plan, at 7-8. Available at https://www.arb.ca.gov/cc/scopingplan/document/2030_sp_concept_paper2016.pdf.

SoCalGas points out that the State earmarked 6.7 million metric tons of GHG emission reductions through the use of combined heat and power ("CHP") by 2020. (footnote 4 omitted) Footnote 4 cites reference to California Energy Commission Tracking Progress Report, October 2015, at page ["?" omitted]1.

In addition, SoCalGas states that the Legislature has long considered natural gas technologies, for instance, CHP as a tool for advancing the fight against climate change. (footnote 3 omitted). Footnote 3 cites to the 2015 IEPR, at page151.

Furthermore, on lines 1-7 on page 3, SoCalGas states:

The First Update to the Climate Change Scoping Plan (approved by CARB on May 22, 2014) confirms that California is falling short of the stated CHP goals, i.e., the goal of developing 6,500 MW additional CHP capacity by 2030.6 As discussed in greater detail in Chapter II, the CIP will promote California policy concerning CHP by incentivizing customer-owned CHP, one of the technologies that is eligible to receive the CIP incentive.

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Based on the above statements, please respond to the questions below:

(a) Please explain whether SoCalGas asserts that the CHP or the combined heat and power technology is a preferred tool of the state for the fight against climate change based on the latest CARB 2030 Target Scoping Plan. If so, then please provide the specific page cite reference indicating a preference for CHP in the CARB 2030 Target Scoping Plan. ORA has done a word search on the above reference document provided in footnote 1 available from the California ARB website for the term “combined heat and power” and the term “CHP” and there were zero matches for the search. It seems that there is no mention anywhere in the CARB 2030 Target Scoping Plan of the term “CHP” or “combined heat and power.”

(b) To SoCalGas’ knowledge, has there been a more recent status report regarding additional CHP capacity since the “First Update to the Climate Change Scoping Plan” dated May 22, 2014? If so, please provide a copy. If not available, please explain.

(c) Based on footnote 4 cite reference to California Energy Commission Tracking Progress Report, October 2015, at page 1, please explain whether it is accurate to say that CHP development in the state may have many overlaps with the development of distributed generation in so far as energy is consumed on-site. An e-copy of the CEC October 2015 Tracking Progress Report is attached for reference.

(d) Please describe any other SoCalGas programs that incentivize or promote the use of the CHP.

(e) Please state whether SoCalGas has any distributed generation customers, and if so, please explain whether the technology used by these customers is considered by SoCalGas to be a form of CHP.

RESPONSE 1:

A. No. SoCalGas does not assert that combined heat and power (CHP) is the “preferred tool of the state” for the fight against climate change based on the latest CARB 2030 Target Scoping Plan.

Footnote 1 referenced in the excerpt above refers to the 2030 Target Scoping Plan Concept Paper (Scoping Plan). ORA is correct that the words “combined heat and power” and “CHP” are not mentioned in pages 7-8 of the Scoping Plan.

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However, SoCalGas referenced pages 7-8 since the California Air Resources Board (ARB) discusses the strategy for achieving the State's climate goals. For example, the Scoping Plan states, "Combinations of regulations, incentives, voluntary action, private-public partnerships, and support from non-governmental organizations can be leveraged together to promote desired actions and achieve 2030 climate goals."¹ Additionally, in discussing methods for promoting resilient economic growth, the Scoping Plan goes on to say that, "Successfully driving this transition will require cleaner and more efficient technologies, new policies and incentives that better recognize and reward innovation, and prioritize low carbon investments."² The incentives through the proposed CIP are designed to help meet the stated goals of California. CHP is one of the technologies that can help California reach its goals as are other technologies the proposed CIP seeks to incentivize.

- B. On January 20, 2017, a second update to the Climate Change Scoping Plan was released (attached). However, the document does not provide an update on additional CHP capacity.
- C. SoCalGas objects to this question on the grounds that it is vague, ambiguous and unintelligible. SoCalGas is unable to respond to this question as framed.
- D. SoCalGas is one of the administrators of the statewide Self Generation Incentive Program (SGIP), which, among other things, provides incentives for eligible CHP systems. SoCalGas also has a Distributed Energy Resources Services (DERS) Tariff which promotes the use of CHP.
- E. Yes, SoCalGas has distributed generation customers using technologies such as engines, fuel cells and microturbines. If the waste heat is utilized, then it is considered CHP.

¹ Scoping Plan at 7.

² Scoping Plan at 8.

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QUESTION 2:

SoCalGas states starting at line 8 page 3 of the above subject:

To further support GHG reduction goals, SB 1383 requires a 40% methane reduction below 2013 levels by 2030. (footnote omitted) The legislation focuses on capturing waste methane from organic sources such as livestock, dairies, and landfills (methane from these sources is also referred to as biogas, biomethane, renewable natural gas or RNG), (footnote omitted) and then putting the captured methane to use. When the biomethane is injected into common carrier pipelines, it can be used by a variety of applications including CHP installations, natural gas vehicle refueling stations, and fuel cells. The CIP includes a RNG adder for biomethane injected into SoCalGas' pipelines, which is an incentive on top of the offered incentives as discussed in Mr. Nguyen's testimony in Chapter II. By offering this RNG adder incentive, SoCalGas can support achievement of the SB 1383 methane reduction goals by helping to create increased demand for RNG.

(a) Please state whether the RNG adder currently flows anywhere in the SoCalGas gas system. If so, please provide cite reference for the Commission decision that authorized the flow of the RNG adder into the SoCalGas gas system. If not, please explain.

(b) Based on your response to question (a) above, please provide the amount of RNG adder recorded gas flows on the SoCalGas gas system since its implementation and explain how those recorded RNG adder gas flows entered the SoCalGas gas system.

(c) Please describe any other programs within the SoCalGas company that incentivize or promote the use of the RNG adder.

(d) Please state whether the SoCalGas Core Gas Acquisition Department procures any RNG adder for core customers. Please respond with a yes or no and explain your answer.

RESPONSE 2:

A. The RNG adder as proposed in the CIP is a mechanism developed specifically for the proposed CIP. To date, there are no RNG adders being utilized in SoCalGas' shareholder funded programs.

B. Not applicable. Please see to response to Question 2.A.

C. Not applicable. Please see to response to Question 2.A.

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D. SoCalGas' Core Gas Acquisition Department does not currently procure any RNG for core customers.