

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company
(U338E) for Approval of Energy Efficiency Rolling
Portfolio Business Plan.

Application 17-01-013
(Filed January 17, 2017)

And Related Matters.

Application 17-01-014
Application 17-01-015
Application 17-01-016
Application 17-01-017

**FINAL REPLY COMMENTS OF
SOUTHERN CALIFORNIA GAS COMPANY (U 904 G)**

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I. INTRODUCTION

On September 25, 2017, several parties to this proceeding filed their final opening comments, pursuant to the Administrative Law Judges' Ruling seeking a round of final comments and reply comments, intended to allow parties to wrap up any additional subjects not already covered and/or to supplement the record in this proceeding with more comprehensive comments on the full breadth of the proceeding issues.

The Office of Ratepayer Advocates (ORA) filed comments that included approximately ten pages¹ of unfounded accusations alleging wrongdoing by SoCalGas. In the later stages of discovery, ORA issued two focused data requests inquiring about two very specific topics under the broader category of Codes & Standards: (1) a Department of Energy (DOE) Notice of Proposed Rulemaking in the 2015 timeframe on proposed furnace-related energy efficiency standards (Furnace Rule), where SoCalGas took a different position from Pacific Gas and Electric

¹ See Final Comments of the Office of Ratepayer Advocates on Energy Efficiency Program Administrators' Business Plan Applications (ORA Comments) (September 24, 2017), pp. 5-16.

Company (PG&E); and (2) a California Energy Commission (CEC) rulemaking on tub spout diverter efficiency methods, where SoCalGas is taking a leading role on behalf of the IOUs, efforts for which are ongoing. Although ORA issued the identical data requests to the four IOUs, it is now readily apparent that ORA was intent on targeting SoCalGas, in an attempt to portray the gas-only utility as a “bad actor” in the arena of energy efficiency.

Relying on selected quotes contained in company emails, ORA alleges that SoCalGas used ratepayer funds to engage in a concerted effort to undermine the State’s energy efficiency goals. The allegations are misleading and contradicted by the very documents ORA relies upon, such that the only appropriate response is a Motion to Strike, which SoCalGas is concurrently filing. Rather than devoting a large portion of these reply comments to respond to each and every baseless allegation contained in ORA’s comments, SoCalGas asks the Commission to refer to the Motion to Strike. This way, reply comments can focus on the relevant, productive, and forward-looking issues pertaining to the energy efficiency business plans, as the program administrators seek to deliver energy efficiency programs in line with newly adopted goals and under the framework known as the rolling portfolio process. Notwithstanding, SoCalGas’ work in Codes & Standards is addressed, as well as why ORA’s recommendations to have SoCalGas removed from Codes & Standards are imprudent and without merit.

II. CODES & STANDARDS

A. SoCalGas’ Strong Support for Energy Efficiency

SoCalGas has a long history of supporting energy efficiency in California, of prudent stewardship of ratepayer funds, and of achieving the aggressive environmental goals of the State of California. For over 30 years, SoCalGas has successfully delivered energy efficiency programs in California. In 2016, SoCalGas demonstrated the success of its energy efficiency programs

partnering with customers to save more than 35.9 million therms, which represents nearly 124% of the energy efficiency goal established by the Commission.² As part of SoCalGas' commitment to help California meet its goal of greenhouse gas (GHG) emission reductions, its energy efficiency programs reduced nearly 360,000 tons of carbon dioxide in 2016 alone. From 2013 to 2016, SoCalGas saved a total of 105.5 million therms, with 34.7 million therms attributed to Codes & Standards efforts.³ Further, at SoCalGas, sustainability and being a responsible environmental steward is a fundamental part of doing business. SoCalGas actively works to reduce the environmental impact of its operational practices in furtherance of meeting the State's stringent environmental mandates. SoCalGas assists customers to reduce their environmental footprint through education and outreach programs aimed at efficient energy usage. SoCalGas partners with publicly owned utilities, other IOUs, and water districts to deliver comprehensive gas, electric, and water efficiency measures to customers throughout its territory.

As the State's largest gas-only utility, SoCalGas' Codes & Standards efforts largely contribute to natural gas energy efficiency, since that is where its expertise lies. Yet it is supportive of an overall prudent energy efficiency portfolio, and is more often than not aligned with the other IOUs. Since 2014, SoCalGas has participated in over ten DOE rulemakings, filed seventy comment letters in response to seventeen CEC pre-rule or rulemakings for Title 20, and supported the 2016 and 2019 Title 24 Code Cycles through the IOUs' forty-four Codes & Standards Enhancement (CASE) initiatives.⁴ SoCalGas joined the IOUs' comments to all

² Southern California Gas Company (U 904 G) Energy Efficiency Programs 2016 Annual Report, May 24, 2017, accessible at <http://eestats.cpuc.ca.gov>.

³ Southern California Gas Company Energy Efficiency Programs Annual Reports, 2013-2016, accessible at <http://eestats.cpuc.ca.gov>.

⁴ DOE Rulemakings found at www.Regulations.gov; Title 20 rulemakings found at www.Energy.ca.gov; Title 24 rulemakings found at www.Title24stakeholders.com.

seventeen CEC Title 20 pre-rule and rulemakings. SoCalGas submitted independent comments in only two of the ten DOE rulemakings, among which was the Furnace Rule. The other IOUs have likewise abstained from commenting or filed individual comments.⁵ While the IOUs strive for statewide alignment in DOE advocacy, an IOU either abstaining from a comment letter or filing separately to provide different viewpoints is not isolated to SoCalGas, and cannot credibly be viewed as advocating against the State's energy efficiency goals.

Additionally, SoCalGas has worked diligently to co-fund and lead multiple measures within the Codes & Standards subprograms. SoCalGas has developed nine co-funding agreements and 27 contracts within the Building Standards, Appliance Standards, Compliance Improvement, Reach Codes and Planning & Coordination Subprograms supporting the advancement of Codes & Standards both statewide and nationally.⁶ SoCalGas has been the lead on behalf of all IOUs for the Title 24 Drain Water Heat Recovery CASE Report, and the Title 20 Tub Spout Diverters rulemaking. This is in stark contrast to ORA's portrayal of SoCalGas as a utility disassociating itself from the other IOUs to work against the State's energy efficiency goals.

B. SoCalGas' Advocacy Aligns with and Promotes the Goals of the Statewide Program Implementation Plan (PIP)

ORA's attempt to denigrate SoCalGas' contributions to the achievement of energy efficiency goals, and ultimate motive to remove SoCalGas from its role in Codes & Standards, is misguided. SoCalGas has conducted Codes & Standards advocacy efforts in accordance with the

⁵ See e.g., Exhibit A, Ex-01 (SoCalGas response to Question 7 of DR-ORA-A1701013-SCG004). See also, DOE Energy Conservation Standards for Residential Conventional Cooking Products, <https://www.regulations.gov/document?D=EERE-2014-BT-STD-0005-0067>

⁶ All contract data was provided to ORA through data request ORA-008. Co-funding agreements were not included, as other IOUs held these contracts.

approved Statewide Program Implementation Plan (PIP).⁷ As an administrator of energy efficiency programs, SoCalGas has a responsibility to study, scrutinize, and ultimately comment on matters that impact natural gas energy efficiency in California. The contributions of organizations such as the American Gas Association (AGA), American Public Gas Association (APGA), and Gas Technology Institute (GTI) are instrumental in evaluating the claims of cost-effectiveness as contained in the DOE's Furnace Rule, especially where there is a dearth of voices willing to bring to light analyses, and at times, criticisms, of energy efficiency rules, regulations, or measures that impact natural gas and gas customers. This is consistent with the PIP:

Advocacy also includes affirmative expert testimony at public workshops and hearings, participation in stakeholder meetings, ongoing communications with industry, and a variety of other support activities.⁸

As described in the PIP, SoCalGas and other IOUs are expected and encouraged to use reputable industry organizations such as AGA, APGA, and GTI, as well as consultants such as Negawatt and BIRAenergy, to benefit from their technical expertise in assessing the viability of Federal and State energy efficiency policy related to energy efficiency technologies. All activity conducted by SoCalGas through Codes & Standards advocacy was and continues to be within the guidelines of the PIP. SoCalGas is certainly not the only IOU that engages industry experts and consultants when evaluating energy efficiency rules, regulations, or measures.⁹

As part of the Statewide advocacy sub-program, SoCalGas will continue to advocate for sensible policies by collaborating with relevant industry experts to obtain the best and most recent

⁷ See 2013-2014 Energy Efficiency Programs Statewide Codes and Standards Program Implementation Plan (May 29, 2013). SoCalGas request that the Commission take official notice of this document, which can be accessed at: http://eestats.cpuc.ca.gov/EEGA2010Files/SCG/PIP/2013/Clean/6%20SW-%20SCG%20SW%20CS%20PIP%205_24_13.pdf

⁸ Program Implementation Plan, p. 2.

⁹ See Exhibit A, Ex-17-19.

information on natural gas efficiency technologies and potential impacts such as source energy reduction, cost-effectiveness, and consumer benefit. At times, there will be opposition to a particular proposed energy efficiency rule or regulation or measure, such as the Furnace Rule, which can have multiple organizations, experts, and utilities raising different points of view. Yet, these are all done in a very public and transparent forum, and nothing produced by ORA, including internal company emails, shows that SoCalGas' concerns about the Furnace Rule were inconsistent with its public comments. Indeed, the value of having DOE and CEC inviting feedback is enhanced, not hindered, by a broad range of evaluations, opinions, and recommendations, and not just unconditional support, as both DOE and CEC are charged with putting forth proposals that are both energy efficient and cost-effective.¹⁰

Therefore, the Commission should give no weight to any notion that SoCalGas engaged in subversive or undermining efforts against the State's goals, simply because it worked with industry organizations and experts, with subject-matter expertise, to thoroughly evaluate the DOE's proposed Furnace Rule.

C. SoCalGas Is a Key Contributor to Codes & Standards and Should Have a Continuing Role in Its Advocacy

ORA's Comments are quite clear that it views SoCalGas' efforts to study and raise concerns about the Furnace Rule as improper use of energy efficiency budget to undermine energy efficiency, such that it should have no continuing role in Codes & Standards. This is not supported by the record (as discussed in detail in the Motion to Strike concurrently filed in this

¹⁰ United States Department of Energy Methodology for Evaluating Cost-effectiveness of Commercial Energy Code Changes (August 2015). https://www.energycodes.gov/sites/default/files/documents/commercial_methodology.pdf; California Energy Commission Building Energy Efficiency Standards, April 2015. http://www.energy.ca.gov/commission/fact_sheets/documents/EE-Building_Energy_Efficiency_Standards.pdf

proceeding). ORA's flawed point-of-view, if given any weight, would create a chilling effect upon any IOU bringing to light any mistakes, faulty assumptions, or potential negative impacts regarding a proposed energy efficiency rule, regulation, or measure. ORA's singular focus on removing the State's sole gas-only utility program administrator, serving over 20 million gas consumers, from Codes & Standards, is particularly troubling, as if SoCalGas should either remain silent, or not be trusted, because of the service and expertise it provides. The plain reading of the comments SoCalGas submitted in the DOE's Notice of Proposed Rulemaking on the Furnace Rule¹¹ would dispel any notion that SoCalGas was advocating against energy efficiency or was working against ratepayer interests (see Motion to Strike).

SoCalGas is an integral voice in informing regulators of Codes & Standards as well as the broader issues impacting natural gas energy efficiency, rather than dismissing what the natural gas industry would have to contribute to energy efficiency. Federal and State regulators should welcome and desire a broad range of perspectives and analyses, even ones that are not supportive, to better inform their adoption of rules, regulations, and measures for the entire State. Even in the realm of the California Public Utilities Commission, raising concerns and issues should not be viewed as obstructionism. Recently, SoCalGas filed comments to the Commission's proposed decision in Rulemaking (R.) 13-11-005 adopting new energy efficiency goals for 2018-2030. SoCalGas raised what it determined to be errors in an analysis prepared by Navigant Consulting on behalf of the Commission.¹² In its final decision (D.) 17-09-025, the Commission stated:

SoCalGas also recommends further revisions to the potential and goals study, specifically regarding the assumptions for its behavioral programs and for Industry Standard Practice baselines. We agree with SoCalGas's proposed percent incremental

¹¹ See ORA Comments, Appendix C, Ex. 2.

¹² See Comments of Southern California Gas Company (U 904 G) on Proposed Decision Adopting Energy Efficiency Goals for 2018-2030 (September 14, 2017), pp. 5-7.

penetration for its behavioral programs, and Staff has adjusted the potential and goals study accordingly.¹³

While its IOU peers may sometimes voice contrary views or push for different priorities with respect to energy efficiency advocacy, this does not mean that SoCalGas is anything less than fully supportive of advancing energy efficiency and meeting the State's aggressive goals. And there is proof. SoCalGas has consistently delivered therm savings, as evidenced by its Energy Savings and Performance Incentive (ESPI) awards, which are reviewed and approved by Commission Staff.¹⁴ ORA is incorrect when it states that "ratepayer funding for shareholder incentives for managing codes and standards advocacy programs is to encourage and reward the utilities for their work advocating for more stringent codes and standards on ratepayers' behalf."¹⁵ The ESPI is "[a] management fee award for the IOUs advocacy of codes and standards."¹⁶ There is no requirement that management of Codes & Standards involve promotion of "more stringent" Codes & Standards such that advocacy for more stringency is the singular focus, over impacts to ratepayers and the environment.¹⁷

SoCalGas has put forth a Business Plan to outline for the Commission its goals, plans, and strategies to help achieve the State's goal to double Statewide energy efficiency by 2030. The IOU business plans should be the focus of these proceedings. ORA's attempt to use SoCalGas' advocacy efforts in 2014-2015 related to the Furnace Rule for the purpose of derailing the company's reputation and ignoring its quantifiable contributions in energy efficiency are a

¹³ D.17-09-025, p. 42.

¹⁴ 2013 Ex Ante: AL4661/ Resolution G-3497; 2013 Ex Post & 2014 Ex Ante: AL4826 & AL4859/ Resolution G-3510; 2014 Ex Post & 2015 Ex Ante: AL5024/ Resolution E-4807; 2015 Ex Post & 2016 Ex Ante: AL5182

¹⁵ ORA Comments at 6.

¹⁶ Energy Efficiency Shareholder Incentive Mechanism <http://www.cpuc.ca.gov/General.aspx?id=4137>

¹⁷ See D.13-09-023, Decision Adopting the Efficiency Savings and Performance Incentive Mechanism, where advocacy earnings are defined, and nowhere tied to "stringent" Codes & Standards.

distraction to the relevant issues in this proceeding. The motion to strike being concurrently filed discusses in detail why ORA's allegations are misleading and should be removed from consideration.

To summarize, SoCalGas should continue to promote and advocate for prudent and cost-effective gas energy efficiency Codes & Standards and technologies, even if this means sometimes taking a position that questions the validity or effectiveness of a particular rule, regulation, or measure, or that is not shared by other IOU program administrators. SoCalGas would be derelict in its duties relating to Codes & Standards if it simply rubber stamped every energy efficiency rule, regulation, or measure without thorough investigation.

III. REPLY TO PARTIES' OPENING COMMENTS

B. SoCalGas' Account Representative Energy Efficiency (EE) Activities Are Justified and Should Continue To Be Charged to the EE Balancing Account

ORA disagrees that third-party implementers will necessarily utilize utility personnel for customer acquisition or that this utility personnel should be charged to EE balancing accounts¹⁸ opining that those costs to ratepayers are unreasonable given the lack of justification.¹⁹ ORA attempts to marginalize the justification of maintaining the connectivity with customers to support their participation in third party programs, despite the fact parties have stressed their critical value.

In comments to the May 24, 2016 Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third-Party Programs, CLEAResult identifies the value that IOU account representation brings in a third party delivered setting:

If such [core and third party] programs were outsourced to different competing parties, it is unclear who would help customers

¹⁸ See ORA Comments at 34.

¹⁹ See Id. at 33.

navigate the options, ensure alignment of incentives in each program, and who would be the arbiter of choice – this is currently predominantly a role for utility account reps and utility program staff.²⁰

Additionally, Nexant indicates the necessity of IOU competency and expertise in the transition to the majority third party program portfolio:

The Commission should look to better utilize the utility/customer relationship to increase EE participation and delivery rather than marginalize the role of utilities in deployment of EE. Among all EE stakeholders, only the IOUs have a comprehensive view of customer needs, customer data, and other Demand Side Management (“DSM”) offerings.²¹

SoCalGas argues this importance in maintaining and leveraging the connectivity with the customer through customer engagement executed through account representatives and program staff to support successful program implementation by third-party providers.²² Given the directive in D.16-08-019, SoCalGas’ activities in this area is not intended to limit third-party vendors from offering these services, but to increase their success and effectiveness by leveraging the strong and long standing relationships the IOUs have with customers.

Further, while ORA argues that the IOUs have given “little indication of how they will redeploy resources in response to their changing roles and responsibilities as PAs as third parties take greater responsibility for the design and delivery of energy efficiency programs,”²³ given the changes made by the Commission in D.16-08-019 to third-party programs, SoCalGas reiterates that it is unknown what programs will be offered by third parties as part of the new portfolio and

²⁰ Comments of CLEAResult on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third-Party Programs (June 17, 2016), p. 5.

²¹ Reply Comments of Nexant on Ruling of Assigned Commissioner and Administrative Law Judge Seeking Input on Approaches for Statewide and Third-Party Programs (July 1, 2016), p. 6.

²² See Southern California Gas Company’s (U 904 G) Energy Efficiency Program Solicitation Plan (August 4, 2017), p. A-1.

²³ See ORA Comments at 30.

what utility support will be required. Account representatives actively contribute to the success of energy efficiency programs. For example, since 2014, account representatives have been involved in delivering at least 8.6 million therms saved on average each year through SoCalGas' calculated incentive programs.²⁴ To make immediate changes to program administrators' resources in absence of any further information puts at risk significant energy savings opportunities and would be inconsistent with delivering on state goals, including SB 350. This valid complication is also recognized by third parties as stated by CLEAResult in final comments:

The Commission must recognize that the IOUs, and all program administrators, will be unable to address many questions regarding the maintenance and structure of the portfolios or of their ongoing activities until solicitations are actually underway and the market is allowed to respond. In particular, the IOUs will need to solicit a substantial portion of their new portfolios in order to ascertain the robustness of their future portfolio and therefore determine their own internal needs.²⁵

Therefore, SoCalGas maintains that the 2018 projection for account representatives to be charged to the EE balancing account are necessary and appropriate to ensure the successful continuity of EE programs as the portfolio transitions to third party programs. Given that the aforementioned charges are appropriate, SoCalGas request the Commission deny ORA's request to maintain account representative charges through non-tariff service agreements as they would add an unnecessary layer of complexity which may ultimately impeded the transition to the new third-party programs.

²⁴ Southern California Gas Company Energy Efficiency Programs Annual Reports, 2014-2016, accessible at <http://eestats.cpuc.ca.gov>.

²⁵ Final Comments of CLEAResult on Energy Efficiency Program Administrators' Business Plan Applications (September 25, 2017), p. 6.

C. The Commission Should Adopt a Streamlined Solicitation Process that Allows Program Administrators to Meet Timing Requirements in D.16-08-019 and Does Not Hinder the Bidder Community

1. SoCalGas Supports NRDC’s Position on the Viability of the Commission’s Contract Review

SoCalGas agrees with the Natural Resources Defense Council’s (NRDC) statement regarding parties’ requests for a formal contract review, “in practice, such a review is not viable given the current Energy Division workload.”²⁶ At the June 16, 2017 Solicitation Workshop, Energy Division raised the same concern stating that this process would be burdensome and was unsure whether contracts could be reviewed in a timely manner considering the number of contracts to be submitted.

Several parties have recommended applying the supply-side energy resource procurement contract approval process to energy efficiency program contracts.²⁷ As stated in prior comments, SoCalGas believes this is unnecessary as it is redundant to the Commission’s approval of the business plans.²⁸ ORA cites the energy resource procurement process as a guiding example to use for energy efficiency solicitations,²⁹ but they fail to acknowledge the specific reasons for which the process was put in place. The origins of the current electric energy procurement advice filing process was borne out of necessity to fill a timing gap created by the need of electric utilities to enter into energy contracts prior to the Commission’s approval of the utilities’ long-term

²⁶ Natural Resource Defense Council (NRDC) Opening Final Comments on Program Administrator Business Plans and Related Items (NRDC Comments) (September 25, 2017), p. 6

²⁷ See e.g., Response of the Office of Ratepayer Advocates to the Request for Comprehensive Solicitation Process Proposals (August 4, 2017), pp. 4-5; Coalition for Energy Efficiency Solicitation Process Proposal (August 4, 2017), pp. 6-7

²⁸ See Comments of SoCalGas to Other Parties’ Energy Efficiency Program Solicitation Plan Proposals (August 18, 2017), p. A-5.

²⁹ See ORA Comments at 7.

procurement plans.³⁰ The Commission has already determined that a detailed energy efficiency business plan application – including a detailed program solicitation plan and annual budget advice letter – is the optimal way to review and approve the energy efficiency program portfolio while allowing public comment through a formal proceeding.³¹

Furthermore, a procurement advice letter process may encroach upon the confidentiality requirements ingrained in the solicitation process. The established trust between bidders and SoCalGas as it relates to the Request for Abstract/Request for Proposal process is predicated on SoCalGas’ ability to maintain strict confidentiality of all ideas and documents submitted by the bidders. Given that bidders provide proprietary competitive information including the conceptual design, cost effectiveness, proposed measure mix, and other information in their bids, requiring a public advice letter process where crucial bid details may be revealed, is neither fair or in the best interest of the bidder community, SoCalGas, or its customers. Such a process may completely undermine the trust that the bidder community has placed in the investor-owned utilities.

2. Third-Party Solicitations Should Be Fair and Unbiased for All Potential Vendors

Small Business Utility Advocates (SBUA) request the Commission to require that all program administrators (PAs) give preference to proposals put forth by small businesses and to larger businesses that include in their bid a commitment to subcontract at least 25% of their bid price to one or more small businesses.³² SBUA states that “the California Legislature recognizes the importance of small businesses and therefore requires State Agencies to give a 5% small

³⁰ Supra, Comments of SoCalGas to Other Parties’ Energy Efficiency Program Solicitation Plan Proposals, at A-5 – A-6.

³¹ See D.15-10-028 at 43, 47, and 123-124 (OPs 1 and 4)

³² See Final Comments Of Small Business Utility Advocates On Energy Efficiency Business Plans (SBUA Comments) (September 25, 2017), pp. 13-14.

business bid preference.”³³ Although SoCalGas supports small business development, many of which are our customers, SoCalGas’ focus is on providing a competitive platform for third party implementers to propose, design and deliver new program concepts. SoCalGas opposes any percentage of bid preference or special treatment which could result in a bias and unfair solicitation, limit the number of potential vendors willing to participate in the solicitation and impact the benefit to ratepayers.

Notwithstanding, SoCalGas has other channels to assure small and diverse business enterprises do business with us. Through SoCalGas’ Supplier Diversity Program, in 2016 SoCalGas totaled \$672.4 million in spending with diverse firms and hired a total of 682 diverse suppliers.³⁴ Through SoCalGas’ Smaller Contractor Opportunity Realization Effort (SCORE) program, in 2016 SoCalGas spent more than \$19.7 million with SCORE contractors.³⁵ The SCORE program identifies procurement opportunities at SoCalGas and matches them with qualified smaller diverse suppliers. SoCalGas’ supplier diversity has evolved into an integral part of our strategy and a core company value that is embedded in our culture.

D. The Commission Should Deny LGSEC’s Request for the Creation of an Energy Use Database and Public Access Portal

In comments, the Local Government Sustainable Energy Coalition (LGSEC) urges the Commission to create an energy database and public access portal based on the UCLA Energy Atlas model.³⁶ LSGEC asserts that “statewide access to an Energy Atlas tool will allow LGC [local government communities] to conduct the data analysis needed to establish local

³³ SBUA Comments at 14.

³⁴ See SoCalGas Supplier Diversity 2016 Annual Report and 2017 Annual Plan, p. 3. http://www.sempra.com/pdf/about/2017-SDGE_DBE_Annual_Report.pdf.

³⁵ See Id. at 5.

³⁶ See Final Comments of The Local Government Sustainable Energy Coalition (LGSEC Comments) (September 25, 2017), p. 10.

government program common metrics baselines and targets within the appropriate sectors.”³⁷ As previously noted by SoCalGas, LGSEC’s proposal is a concept that was previously considered but not authorized by the Commission in Rulemaking (R.) 08-12-009.³⁸ LSGEC’s energy database portal ignores the directives of the Phase III Smart Grid Decision, D. 14-05-016 (Privacy Decision), which concluded R.08-12-009.

The proposal is similar in form and function to the rejected Energy Data Center, and would, among other things, allow third parties such as local governments, which pursuant to the Privacy Decision have limited access to IOU customer data, full access to potentially sensitive data. The Privacy Decision notes that workshops held in R.08-12-009 concerning customer privacy in the provision of energy data to third parties suggested that “it might prove possible to address requests for data by establishing “use cases” and having the Commission determine whether current laws and regulations permitted the provision of data,”³⁹ and that, in regards to the Energy Data Center, use cases might ameliorate the need for a data center.⁴⁰ A use case (Use Case 1) was established to determine local governments access to covered and non-covered data. The Privacy Decision determined that “local government entities, like other third-parties, may obtain monthly energy usage data by zip code from utilities’ websites,”⁴¹ further noting that, “access to this data will enable cities to a certain extent to complete their climate action plans and promote general policies of EE, which are in the interest of Californians and customers.”⁴² In

³⁷ Id at 11.

³⁸ See Response of SoCalGas To Motion of The County Of Los Angeles, On Behalf Of Southern California Regional Energy Network For Approval Of Its Energy Efficiency Rolling Portfolio Business Plan And Local Government Sustainable Energy Coalition Statewide Local Government Program Energy Efficiency Business Plan Proposal (March 3, 2017), p. 16.

³⁹ D.14-05-016, p. 6.

⁴⁰ See Id.

⁴¹ Id. at 32.

⁴² Id. at 32.

regards to granular data, the Privacy Decision acknowledged that data is “extremely useful in assessing government energy programs,”⁴³ and so the Commission directed the utilities to “fulfill requests from local, city, and county governments and regional governmental entities for aggregated or anonymized energy data,”⁴⁴ and established a Data Request and Release Process (DRRP) for release of such data.⁴⁵

However, despite Commission guidance on this matter, LGSEC implies that obtaining data is limited and onerous, noting that “local government programs struggle to access IOU data.”⁴⁶ Furthermore, LGSEC claims that “Data access is an on-going struggle. Obtaining even very limited data often requires a significant and time-consuming administrative effort for each local agency. Often public disclosure is restricted for even limited available data.”⁴⁷ Publicly available usage data was part of the Privacy Decision. Currently, all the IOUs publish zip code level energy usage data broken out by market sector (Commercial, Residential and Industrial aggregated) according to the Commission’s rules for each sector. SoCalGas has been publishing quarterly data since 2014 and maintains 3 years’ worth of data online as part of its Energy Data Request and Release Program (EDRP).⁴⁸ Additionally, since SoCalGas initiated the EDRP, it has fulfilled 29 data requests for market sector aggregated data from local governments in its service territory.⁴⁹

⁴³ Id at 32.

⁴⁴ Id. at 33.

⁴⁵ Id. 34-35.

⁴⁶ Supra, LGSEC Comments at 8-10.

⁴⁷ Id. at 8.

⁴⁸ See <https://energydatarequest.socalgas.com/>.

⁴⁹ See Advice Letter No. 5199, SoCalGas Quarterly Notice on the EDRP (October 6, 2017), Attachment A.

Notwithstanding, LGSEC asserts that “an independent, third party, non-profit program administrator is needed to replace the current unorganized, disaggregated and inefficient IOU program administration”⁵⁰ and that doing so would solve the “data gathering and dissemination protocols that differ from utility to utility.”⁵¹ As discussed above, the Privacy Decision established the Data Request and Release Process, a protocol for IOUs to follow when providing customer usage data to eligible third-party requestors. A new program administrator will not change the privacy rules established by the Commission and solve the issues raised by LGSEC.⁵² As such, SoCalGas strongly urges the Commission to take no action in furtherance of such proposal until all questions concerning customer privacy in such an effort have been fully addressed by the Commission. Denying LGSEC’s request would ensure that LGSEC’s proposal be consistent with the Commission’s directives in its Privacy Decision, and by which the utilities must comply.

E. Regional Energy Network (REN) Business Plans

1. The Commission Should Deny the REN Business Plan Applications Until REN Pilots Are Evaluated

Southern California REN urges the Commission to approve its business plan because its “portfolio supports the Commission’s needs and delivers strategies motivating customers to adopt more comprehensive energy efficiency approaches.”⁵³ Similarly, 3C-REN urges the Commission to approve its business plans to provide the service and support needed in the Tri-County Region.⁵⁴

⁵⁰ Supra, LGSEC Comments at 2.

⁵¹ Id. at 2.

⁵² See Id. at 2.

⁵³ The County Of Los Angeles On Behalf Of The Southern California Regional Energy Network (CPUC #940) Final Comments On The Energy Efficiency 2018-2025 Rolling Portfolio Business Plan Applications (September 25, 2017), p.4.

⁵⁴ Final Comments of the County of Ventura on behalf of 3C-REN, TRI-County Regional Energy Network (September 25, 2017), p. 4.

As previously stated in SoCalGas comments,⁵⁵ the Commission established the objectives for Regional Energy Network (RENs) and authorized the funding for approved program offerings of RENs as pilots in D.12-11-015.⁵⁶ In D.16-08-019, the Commission reiterated that RENs should continue to focus on: “activities that utilities cannot or do not intend to undertake; pilot activities where there is no current utility program offering, and where there is potential for scalability to a broader geographic reach, if successful; and pilot activities in hard to reach markets, whether or not there is a current utility program that may overlap.”⁵⁷ The REN business plan proposals⁵⁸ contain proposed activities beyond the existing offerings authorized by the Commission in D.12-11-015. As one of the objectives of a REN is to fill gaps in IOU offerings, the proposed new activities, as described in the SoCalREN proposal,⁵⁹ for Codes & Standards, finance (modified PACE), and workforce education and training (WE&T) are either duplicative of current and/or planned efforts by SoCalGas and Southern California Edison Company (SCE) or inconsistent with the Commission policy for proper use of energy efficiency ratepayer funds.

SoCalGas requests that the Commission not approve the RENs business plans. SoCalGas believes it is premature to approve such proposals when the Commission has yet to evaluate the success of REN pilots. In D.09-09-047 the Commission noted that “we intend to scrutinize pilot programs to ensure they achieve their objectives before allowing these programs to become more

⁵⁵ Response of SoCalGas To Motion of The County Of Los Angeles, On Behalf Of Southern California Regional Energy Network For Approval Of Its Energy Efficiency Rolling Portfolio Business Plan And Local Government Sustainable Energy Coalition Statewide Local Government Program Energy Efficiency Business Plan Proposal (March 3, 2017), p. 2.

⁵⁶ See D.12-11-015, pp. 7-16.

⁵⁷ D.16-08-019 at 11.

⁵⁸ See Motion of the County of Los Angeles, On Behalf of Southern California Regional Energy Network For Approval Of Its Energy Efficiency Rolling Portfolio Business Plan; Motion of the Local Government Sustainable Energy Coalition Statewide Local Government Program Energy Efficiency Business Plan Proposal; and Motion of the 3C-REN, Tri-County Regional Energy Network, For Approval of Its Residential Energy Efficiency Rolling Portfolio Business Plan and Budget Proposal. (January 23, 2017).

⁵⁹ SoCalREN at 9-10.

permanent,”⁶⁰ much less expanding them. There is a need for RENs to achieve their current objectives before expanding beyond the RENs’ current offerings. SoCalGas supports continued funding of existing RENs as pilots where (1) they demonstrate value and success in their non-resource programs to direct deeper retrofits and further energy savings, and (2) they adhere to the criteria set forth in D.12-11-015 and reiterated in D.16-08-019. SoCalGas maintains that the most prudent course of action is to complete the evaluation of REN pilots before new REN activities or new RENs are authorized.

However, should the Commission decide to approve the RENs’ proposals, SoCalGas urges the Commission to direct RENs to coordinate with the IOU PAs to avoid any duplication of efforts. As previously discussed in comments, SoCalGas has identified several areas that would result in the duplication of efforts beyond what is practical for engaging the hard-to-reach population and underserved market segments.⁶¹ In order to provide a clear and customer-friendly energy efficiency landscape that responsibly utilizes ratepayer funding, the possibility of duplication should be addressed at the forefront.

2. IOU Program Administrators are the Best Fit to Administer Local Government Programs

LGSEC asserts that “no single IOU would be appropriate to administer this [local governments] program....”⁶² SoCalGas respectfully clarifies that no IOU program administrator has proposed statewide administration of local government programs (LGPs). Furthermore, the Commission has not issued any specific direction requiring the IOUs to propose a statewide lead for LGP. In fact, in D.16-08-019 the Commission concluded that “Local Government Programs

⁶⁰ D.09-09-047, p. 47.

⁶¹ Supra, SoCalGas Response to Motion at 7-10.

⁶² LGSEC Comments at 3.

may be, but should not be required to be, handled in a statewide manner.”⁶³ Furthermore, the Commission directed that “all business plans should also include strategies for improving the consistency of LGP administration statewide.”⁶⁴ The IOUs recognize that there is still much room for improvement on local government programs and are working closely with local partners to drive toward greater consistency across the state, while allowing partners to retain their ability to tailor programs to their local needs.⁶⁵

F. The IOUs’ Downstream Program Pilots Are in Accordance with Commission Direction and Should be Approved

ORA claims that the “IOU’s proposals to pilot specific programs is counter to the intent of the Commission in D.16-08-019, that going forward ‘all program design and delivery would be presumed to be conducted by third parties, unless the utility specifically made a case for why the program activity must be conducted by utility personnel.’”⁶⁶ ORA misinterprets the referenced decision, which refers exclusively to third-party programs, specifically in the large commercial sector,⁶⁷ and not the Commission’s directive to pilot the statewide approach for the downstream programs to be proposed by PAs. The IOUs’ proposals for statewide downstream program pilots are in accordance with Commission direction as stated in D.16-08-019⁶⁸ and align with the IOUs’ commitment to provide their customers with the most comprehensive energy efficiency experience with the goal of delivering simple, clear and effective offerings. Further, the Commission has required that four programs be piloted on a Statewide basis and proposed in the

⁶³ D.16-08-019 at 104 (Conclusion of Law 53).

⁶⁴ *Id.*

⁶⁵ See Pacific Gas and Electric Company Business Plan, Appendix D to Public Sector; San Diego Gas & Electric Company Business Plan, p. 127; Southern California Edison Company Amended Business Plan p.197; SoCalGas Business Plan (January 17, 2017), p. 287.

⁶⁶ ORA Comments at 16-17.

⁶⁷ See D.16-08-019 at 73.

⁶⁸ See *Id.* at 111 (OP 9).

business plans.⁶⁹ The four downstream programs presented by the IOUs fulfill this obligation and should be approved.

G. MCE's Proposals

1. Downstream Liaison Solution Creates Barriers to Broader Third-Party Solutions and Should be Rejected

MCE proposes to assume the role of a downstream liaison, a single point of contact, and limit program offerings to customers within its electric service territory by precluding PG&E and third-party downstream programs from delivery in MCE's service area.⁷⁰ This proposal allows for prioritization of some PAs over others, affording one PA the power to select and deny programs that can negatively impact customer choice and participation. Furthermore, MCE's approach could create market uncertainty and limit customer choice and participation by having MCE choose programs on customers' behalf. As raised by SoCalGas' protest of MCE's application,⁷¹ MCE does not have a compelling basis for excluding any energy efficiency programs to customers in a shared territory. Given the potential negative impacts to customer choice and participation, MCE's proposal, which provides potential barriers to the ability of Program Administrators operating within MCE's territory, may make it more challenging to achieve a cumulative doubling of energy efficiency savings.

MCE's proposal is in contrast with the vary statute of the CCA formation in which a program is required to "advance the public interest" and to "accommodate the need for broader statewide or regional programs."⁷² While MCE notes that its proposal encourages PAs to plan in

⁶⁹ Id.

⁷⁰ See Final Comments of Marin Clean Energy on Energy Efficiency Business Plans (September 25, 2017) (MCE Comments), p. 15.

⁷¹ See Protest of Southern California Gas Company (U 904 G) To Application of Marin Clean Energy For Approval Of Its Energy Efficiency Business Plan (March 3, 2017), pp. 4-7.

⁷² Public Utilities Code Section 381.1 (a).

advance to avoid overlap,⁷³ should the Commission allow MCE the right to preclude any program at any time, no amount of advanced planning will prevent program disruption.

2. Prior Commission Decisions Do Not Authorize MCE to Independently Administer Gas Programs and Any Gas Funding Should be Limited to Incidental Gas Savings

The Commission has twice asserted the limit to which MCE can access gas funding, first through D.14-10-046⁷⁴ and then D.15-08-010.⁷⁵ MCE, through contract with PG&E, administers electric programs with incidental gas savings, and in D.15-08-010 the Commission clarified any measures that produces gas savings are those that “simply complement MCE’s authorized electrical programs.”⁷⁶ In D.15-08-010 the Commission notes that they “limit funding under section 381.1 for CCA-administered programs to electricity, and not gas programs...because the funding source for CCA-administered programs under Section 381.1 is a non-bypassable charge on electricity, not gas, and because CCAs provide only electricity, and not gas, to their customers.”⁷⁷

MCE incorrectly interprets D.14-10-046 Ordering Paragraph 26 and uses it to argue to independently administer gas programs contrary to the overall intent of D.14-10-046, Public Utilities Code Section 381.1, and D.15-08-010.⁷⁸ Through its budget outline, MCE’s request for gas funds constitute up to 80% (\$54 million) of their total budget.⁷⁹ Previous analysis done by PG&E pointed out MCE’s over-reliance on gas-only measures, not on dual-fuel measures which

⁷³ See MCE Energy Efficiency Business Plan, Section 4.3 (January 17, 2017), p. 13.

⁷⁴ See D.14-10-046, p. 120.

⁷⁵ D.15-08-010 at 6-7.

⁷⁶ D.14-10-046 at 120.

⁷⁷ D.15-08-010 at 3

⁷⁸ See Reply Comments of Marin Clean Energy on Scoping Memo and Ruling of Assigned Commissioner and Administrative Judge (June 29, 2017), p. 2.

⁷⁹ See MCE Comments at 10, Table 1.

they are authorized to implement.⁸⁰ MCE's business plan, moreover, does not clearly indicate where and how there are electric measures with significant gas savings or whether they are cost-effective. MCE should not be allowed to administer gas-only programs; rather, the Commission should limit MCE to gas funds where there are incidental gas savings from the installation of an electric measure.

H. The Commission Should Reject TURN's Proposal to Create a Total Resource Cost Levelized Cost of Energy Metric

Commission should reject TURN's proposal to create a total resource cost (TRC) levelized cost of energy (LCOE) metric as the TRC includes cost inputs that are outside the control of the PA. Specifically, the TRC calculation is heavily influenced by an estimated incremental measure cost (IMC) value. Since the IMC estimate is outside the control of the PA, the PA cannot influence the outcome of a TRC levelized cost metric to show improved cost performance. In contrast, the cost values to the PAC are under the PA's control. ORA states: "Because the PAC contains only costs that the PAs directly control, ORA recommends the Commission order performance targets for each PA's LCOE using the PAC. PAs should also track LCOE calculated using the TRC, however we do not recommend specific targets for LCOE based on the TRC."⁸¹ SoCalGas agrees with ORA's recommendation to rely on a PAC-only LCOE metric. SoCalGas also supports the continued reporting of the TRC LCOE as part of the annual energy efficiency report.

SoCalGas also prefers a PAC LCOE metric at the portfolio level only. Contrary to ORA's recommendation to apply a PAC LCOE metric at the sector level,⁸² SoCalGas believes this may

⁸⁰ See Response Of Pacific Gas and Electric Company (U 39 M) To Comments on Attachment A of the Scoping Memo and Ruling and To Attachment B Questions (June 29, 2017), p. 4.

⁸¹ ORA Comments at 20.

⁸² See Id.

be at odds with the Commission's current policy of applying the TRC and PAC tests at only the portfolio level. As stated in SoCalGas' metric filing:

At the sector-level, a levelized cost metric may likely send a signal to PAs to constrain investment in longer-term energy efficiency (i.e., energy efficiency investments/technologies not yet cost-effective but may prove so in the future) to reduce costs, thereby creating greater importance on cost-effectiveness at the discrete sector levels. This approach could be viewed as contrary to current Commission policy which applies cost-effectiveness monitoring at the portfolio level. SoCalGas suggests to the Commission that the levelized cost metric be applied exclusively at the portfolio level.⁸³

I. The Definitions of Behavioral Programs Should Be Reevaluated

SoCalGas supports the recommendations of SDG&E and PG&E to have the Commission discard the existing definition of behavioral programs and adopt a broader definition that can capture all possible EE savings potential.⁸⁴ Senate Bill (SB) 350 requires the Commission to update policies to achieve deeper savings through behavioral programs.⁸⁵ It is important for the Commission to consider all potential savings of behavioral programs and reevaluate its limits on those programs in order to meet the requirements of SB 350. Additionally, alternative measurement techniques for the next generation of behavior programs should be explored through Evaluation, Measurement & Verification.

⁸³ Southern California Gas Company's (U 904 G) Revised Sector-Level Metrics Proposals (July 14, 2017), Appendix 1, p. 4.

⁸⁴ Pacific Gas and Electric Company's (U 39 M) Opening Comments On The Energy Efficiency Business Plans (September 25, 2017), at 44-45; Opening Comments Of San Diego Gas & Electric Company (U 902-M) On Issues Raised In Proceeding (September 25, 2017), at 11.

⁸⁵ Public Utilities Code §399.4 (d) (3).

EXHIBIT A

ADDITIONAL EVIDENCE