

Application of Southern California Gas  
Company (U 904-G) for Approval of  
Energy Efficiency Programs and Budgets  
for Years 2006 through 2008.

Application 05-06-\_\_\_\_

**CHAPTER I**  
**PREPARED DIRECT TESTIMONY**  
**OF**  
**PATRICIA WAGNER**

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

**JUNE 1, 2005**

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**PREPARED DIRECT TESTIMONY OF**

**PATRICIA WAGNER**

**SOUTHERN CALIFORNIA GAS COMPANY**

**I. PURPOSE**

The purpose of my testimony is to present the Southern California Gas Company's ("SoCalGas") policies and overview of its 2006-2008 Energy Efficiency Program portfolio. SoCalGas' proposed 2006-2008 Energy Efficiency portfolio includes aggressive and innovative program ideas, consistent with the Energy Action Plan and will achieve the California Public Utilities Commission's ("Commission" or "CPUC") aggressive energy savings goals adopted in Decision ("D.") 04-09-060.

**II. OVERVIEW**

As the largest natural gas utility in the United States, SoCalGas takes its responsibility for innovation in energy efficiency very seriously. SoCalGas also vigorously supports the Commission's vision for flexible and innovative energy efficiency programs: how they are designed and implemented, and how they can achieve maximum cost effective energy savings. The key factors in the development of this portfolio include:

- SoCalGas' commitment to our customers;
- SoCalGas' numerous years of experience in the administration and implementation of energy efficiency programs;
- SoCalGas' concern for the regional economy and the environment; and,
- SoCalGas' earnest interest in and willingness to implement suggestions from key stakeholders.

Moreover, SoCalGas believes energy efficiency is a critical component of a balanced resource plan, which makes SoCalGas a natural leader in supporting the Commission's endeavors toward energy efficiency practices in the State of California.

1 SoCalGas' proposed 2006-2008 Energy Efficiency Program Portfolio reflects the  
2 continuation of successful utility and non-utility implemented programs and includes  
3 collaborations with local and statewide governmental agencies.<sup>1 2</sup> SoCalGas has set aside \$4  
4 million in funding for these collaborative efforts. Before finalizing the collaborations, SoCalGas  
5 is placing priority on completing selection of our third-party targeted and innovative proposals.  
6 We believe this will result in a comprehensive portfolio of program offerings. The third-party  
7 programs will round out SoCalGas' core savings programs.

8 **III. SOCIALGAS PORTFOLIO CONSISTENCY WITH COMMISSION'S POLICY**  
9 **FRAMEWORK**

10 **A. Consistency with the Energy Action Plan**

11 The Energy Action Plan ("EAP"), adopted by the Commission, the California Energy  
12 Commission ("CEC") and the California Consumer Power and Conservation Financing  
13 Authority ("CPA"), identifies six sets of actions that are of critical importance to managing  
14 California's growing energy consumption. The EAP has put energy efficiency at the forefront of  
15 energy policy and resource procurement in California. The Commission, in Decisions (D.) 04-  
16 09-060 and 05-01-055, translates EAP's action item on energy efficiency into concrete steps that  
17 the utilities must implement in order to achieve the EAP's energy goals. D.04-09-060 provides  
18 the utilities with specific energy savings and demand reduction goals for the years 2006 through  
19 2013, which will be updated every three years for use in subsequent program cycles. SoCalGas,  
20 in its role in Program Choice and Portfolio Management, is committed to the EAP, and has  
21 worked diligently to develop creative solutions to the State's energy issues and recognize energy

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<sup>1</sup> "Non-utility" and "third party" are used interchangeably to refer to those entities who will participate in the competitive bid solicitation.

<sup>2</sup> SoCalGas collaborations with local and statewide government agencies are in response to the Commission's directives to include partnerships.

1 efficiency as a first order loading resource. SoCalGas' proposed 2006-2008 portfolio is the  
2 product of a coordinated and collaborative effort between SoCalGas, its Program Advisory  
3 Group ("PAG") and members of the public to address the aggressive energy savings and demand  
4 reduction goals established by the Commission in D. 04-09-060.

5 **B. Administrative Structure for Energy Efficiency (D.05-02-055)**

6 As stated above, D.05-01-055 returns the utilities to the lead role in Program Choice and  
7 Portfolio Management for Energy Efficiency. The decision also provides direction to the utilities  
8 on competitive solicitations, partnerships, Program Advisory Groups and Portfolio Design and  
9 Program Selection process.

10 **1. Program Advisory Group**

11 D.05-01-055 directs the utilities to form advisory groups to provide feedback and  
12 comments on their proposed program designs and competitive bid process. Furthermore, the  
13 Commission directed that one PAG be formed for the combined service territories of SoCalGas  
14 and Southern California Edison ("SCE").<sup>3</sup> SoCalGas' proposed portfolio of programs is vastly  
15 superior to what it would have been without the benefit of the input it received from its Program  
16 Advisory Group ("PAG" or "Joint PAG") and members of the Public that diligently attended all  
17 PAG meetings and Public workshops.

18 The Joint PAG consists of representatives from different market segments in its service  
19 territory. The Joint PAG members represented local governments, residential customers,  
20 commercial/industrial/ military customers, new construction, academia, energy service providers,  
21 in addition to the Consortium for Energy Efficiency ("CEE"), Natural Resources Defense  
22 Council ("NRDC"), California Energy Commission ("CEC"), and Office of Ratepayer

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<sup>3</sup> D.05-01-055 at page 99.

1 Advocates (“ORA”).

2 In support of the planning process, SoCalGas and SCE held four joint PAG meetings and  
3 participated in four joint Peer Review Group meetings.<sup>4</sup> SoCalGas and SCE held two public  
4 workshops to solicit broader public input on the design of the portfolio including an overview of  
5 competitive bid process and criteria. In addition, SoCalGas participated in two statewide PAG  
6 meetings held at the offices of Pacific Gas and Electric Company (“PG&E”). SoCalGas  
7 representatives also met with several independent third-party contractors to discuss potential  
8 third-party programs and identify gaps in the design of the portfolio. A more detailed discussion  
9 of the PAG process is presented in the next section below.

## 10 **2. Competitive Solicitation**

11 SoCalGas agrees with the Commission that competitive solicitations can help identify  
12 new and innovative approaches or technologies for meeting the energy savings goals with  
13 improved performance that may not be otherwise identified during the program planning cycle.  
14 SoCalGas and the other utilities have coordinated their approach and bidding criteria to be  
15 implemented for this program cycle. The competitive bid process proposed by SoCalGas is a  
16 comprehensive and multi-faceted approach that draws from the skill, experience, and creativity  
17 of the energy efficiency community. SoCalGas’ competitive bid proposal will help to enhance  
18 current program design as well as uncover newer approaches to capturing cost effective energy  
19 savings. Consistent with Commission direction, SoCalGas’ current proposed programs that can  
20 be improved upon through the Solicitation process may be subject to replacement, augmentation  
21 from non-utility bids.<sup>5</sup> Although SoCalGas has currently identified 20 percent of its total

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<sup>4</sup> The PRG is a subset of the PAG consisting of non-financially PAG members, Energy Division, ORA and CEC.

<sup>5</sup> D.05-01-055 at page 94.



1 program funding as currently available for the Solicitation process, SoCalGas could have a final  
2 program portfolio that has more than 20 percent of its budget allocated to successful non-utility  
3 implementers. SoCalGas has consulted with its PRG in developing its competitive solicitation.

4 Ms. Besa's testimony in Chapter II provides additional details on SoCalGas' Competitive  
5 Bid Solicitation proposal.

6 **C. Energy Goals for Program Year 2006 and Beyond (D.04-09-060)**

7 **1. 2006 - 2008 Energy Savings and Demand Reduction Targets**

8 D.04-09-060 reflects the energy savings and demand reduction targets for SoCalGas.

9 The following table shows the SoCalGas goals:

Year	Gas Annual Savings Goal (MMTh/Yr)	Cumulative Gas Savings (MMTh)**
2006	14.7	34.0
2007	19.3	53.3
2008	23.3	76.6

10 \*\* The 2006 cumulative energy savings therm goal includes the cumulative impact of 19.3 MMtherms  
11 from 2004-2005 programs.

12  
13 These goals include the energy savings and demand reductions from the Low Income Energy  
14 Efficiency ("LIEE") program.<sup>6</sup>

15 SoCalGas' proposed Energy Efficiency portfolio including the energy savings and  
16 demand reductions from the 2006-2007 LIEE proposed program meets the annual goal for each  
17 year. Although the Commission only requires SoCalGas to meet a natural gas savings target,  
18 some of the measures included in its portfolio have both gas and electric savings. SoCalGas will  
19 include the electric information as part of its accomplishments. The following table shows the  
20 energy savings goals for the proposed portfolio.

---

<sup>6</sup> The LIEE program is also referred to as Direct Assistance Program.

<b>Energy Savings – Natural Gas</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Annual Net Therm Savings (MTh/yr)	15,790	20,621	24,285
LIEE (MTh/yr)	946	923	923
EE (MTh/yr)	14,844	19,697	23,362
Annual Net Therm PUC Goal (MTh/yr)	14,700	19,300	23,300

Ms. Besa’s testimony in Chapter II provides more details on SoCalGas’ program information.

**2. On-Bill Financing**

Decision 04-09-060 advocates adding a loan financing option to the energy efficiency portfolio, where the loan would be repaid using the customers’ utility bill. SoCalGas believes that “on-bill financing” (“OBF”) could be a very effective tool for certain market segments to increase the amount of energy efficiency than would otherwise be achieved. For the OBF Program, SoCalGas has incorporated key elements of what we believe to be the successful programs in other states.

Mr. Spasaro’s testimony in Chapter III provides more details on SoCalGas’ OBF proposal.

**3. Continued Support for Codes and Standards**

SoCalGas is committed to supporting continuous improvements in building codes and standards as embodied in California’s Title 20 and Title 24 standards, in addition to working with its customers and other market participants to ensure the implementation of the current building codes and standards. New Title 24 building standards will take effect in October 2005. SoCalGas, together with the other utilities, will provide technical training and recommendations to builders, contractors, local building inspection and permitting departments, etc. to assist in implementing the new standards.

1 SoCalGas has significantly increased its Codes and Standards budget to support  
2 continuous improvements to the State's Codes and Standards. As part of the statewide program,  
3 SoCalGas will fund Codes and Standards Enhancement ("CASE") studies that will target  
4 enhancements to Title 24 Building Energy Efficiency Standard Rulemaking.

5 **4. Rate and Bill Impacts Resulting from the Increased 2006-2008 Energy Efficiency**  
6 **Program Budgets**

7 In order to achieve the aggressive energy savings and demand reduction targets set by the  
8 Commission, SoCalGas is requesting approval of increased budgets beyond the current  
9 2004-2005 program funding levels. These increased budget requests will result in rate and bill  
10 impacts for its customers. However, SoCalGas has designed programs to achieve the adopted  
11 targets in the most cost-effective manner.

12 Ms. Besa's testimony in Chapter II discusses the program budget details. Mr. Chen's  
13 testimony in Chapter IV discuss the details of SoCalGas' rate and bill impacts.

14 **D. Energy Efficiency Policy Rules (D.05-04-051)**

15 SoCalGas participated in the Commission's public workshops that were held to develop  
16 the Energy Efficiency Policy Rules adopted in D.05-04-051. SoCalGas' application conforms  
17 with the various policy rules contained in the Energy Efficiency Policy Manual ("Policy  
18 Manual") for Post-2005 Programs. Discussions in the following section describing SoCalGas'  
19 Portfolio will demonstrate specifically how it conforms with the Policy Manual.

20 In addition, Ms. Besa's testimony in Chapter II provides the technical details required by  
21 the Policy Manual, such as cost effectiveness, Evaluation, Measurement and Verification  
22 ("EM&V"), Competitive Bidding, and Partnerships.

1 **E. Performance Incentive Mechanism**

2 The Commission, as indicated in prior rulings and decisions, states that it intends to  
3 develop a performance incentive mechanism in careful coordination with the development of an  
4 overall procurement incentive framework, as stated in D.05-01-055 at pages 84 to 85:

5 In D.02-10-062, we expressed our preference to adopt a uniform incentive  
6 mechanism to provide an opportunity for utilities to balance risk and  
7 reward in the long-term procurement process... The goal of this effort is to  
8 motivate the IOUs to procure least-cost supply-side resources and make  
9 cost-effective demand-side investments, taking into account the  
10 environmental costs (or benefits) of various resource option. Our  
11 challenge will be to create an overall procurement incentive framework  
12 that aligns the interests of utility investors, management and ratepayers  
13 such that the proper balancing of these preferred resources occurs in the  
14 procurement of power from existing and new resources.

15  
16 As discussed in D.03-12-062 and D.04-10-050, any incentive mechanisms  
17 being considered in resource-specific proceedings (e.g., energy efficiency)  
18 must be consistent with the overall procurement incentive framework we  
19 adopt in this proceeding. [footnote omitted] Accordingly, we intend to  
20 adopt an overall framework for procurement incentives *before* we make  
21 our final determinations on resource-specific incentive mechanisms.

22  
23 Nonetheless, some work on resource-specific mechanisms may proceed  
24 concurrently, since several key aspects of those mechanisms (e.g.,  
25 performance basis and measurement protocols for energy efficiency) will  
26 need to be developed irrespective of the overall procurement incentive  
27 structure. We will also consider, on a case-by-case basis, issuing interim  
28 decisions in resource-specific proceedings on aspects of incentive design,  
29 as long as doing so will not prejudice our determinations in this  
30 proceeding.

31  
32 Accordingly, we will address the issue of a risk/reward mechanism for  
33 IOU administrators during a subsequent phase of this proceeding,  
34 consistent with the direction in R.04-04-003.<sup>7</sup>

35  
36 Although the framework for developing a performance incentive mechanism is in the  
37 context of electric procurement proceedings, of which SoCalGas is not a party, SoCalGas

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<sup>7</sup> Rulemaking to Promote Policy and Program Coordination and Integration in Electric Utility Resource Planning (R.04-04-003), *mimeo*, pp. 17-18.

1 recommends that the actual performance incentive mechanism for both gas and electric be  
2 developed in this Rulemaking to ensure that natural gas energy efficiency programs are eligible  
3 for performance incentives as discussed by the Commission in several energy efficiency rulings  
4 and decisions in the Energy Efficiency Rulemaking.<sup>8</sup>

5 **F. Program Advisory Group and Peer Review Group Process**

6 **1. Purpose of the Program Advisory Group**

7 The Commission created the PAG in order to:

- 8 • Promote transparency in program administrator’s decision-making process.
- 9 • Provide a forum to obtain valuable technical expertise from stakeholders and non-  
10 market participants.
- 11 • Encourage collaboration among stakeholders.
- 12 • Create an additional venue for public participation.
- 13 • Create an open exchange of information for administrator, experts, and stakeholders.
- 14 • Provide an independent assessment of utility portfolio design and program selection  
15 throughout the funding cycle.

16  
17 The PAG is expected to meet at least once every quarter and to provide a joint report to  
18 the Energy Division with recommendations on: (1) how the utilities can improve their  
19 effectiveness as administrators in managing the portfolio of programs; and (2) how the program  
20 selection process can be improved to better meet the Commission’s procurement goals.

21 **2. Program Advisory Group Composition**

22 D. 05-01-055 provides guidance as to the composition of the utility PAG and directions  
23 on the operations of the PAG. The PAG should consist of market and non-market participants  
24 across the full spectrum of program areas and strategies. Energy Division and Office of

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<sup>8</sup> December 22, 2003 Assigned Commissioner’s Ruling Scheduling a Further Prehearing Conference to Address Energy Efficiency-Related Incentives and Other Scoping and Scheduling Issues at page 1 that “by Decision (D.) 03-12-062, the Commission referred the issue of energy efficiency incentives to this proceeding. And more recently in D. 04-09-060 at page 36, the Commission will consider “how best to link today’s adopted savings goals with the performance basis of a risk/reward mechanism when we address, and in the context of the portfolio of programs being implemented at that time”.

1 Ratepayers Advocates (“ORA”) staff are *ex officio* members of each PAG Advisory Group and  
2 peer review sub-group, with the CEC as a member. In response, SoCalGas and SCE created a  
3 joint program advisory group along with a joint peer review group. SoCalGas and SCE worked  
4 together to identify the optimal mix of members which represented local customer interests along  
5 with national experts in the field of energy efficiency. SCE and SoCalGas created a well-  
6 rounded advisory group which included representation from a variety of customer segments  
7 ranging from residential new construction, large commercial, multifamily, nonresidential new  
8 construction, small business and homeowners along with industry experts from the National  
9 Association of Energy Service Companies (“NAESCO”) and the “CEE”. PAG membership  
10 included representatives from the Southern California Building Industry Association (“SCBIA”),  
11 California Manufacturers & Technology Association (“CMTA”), League of California  
12 Homeowners, Goldrich & Kest Property Management Company, First African Methodist  
13 Episcopal (“FAME”), Building Owners and Management Association (“BOMA”), American  
14 Institute of Architects (“AIA”), CEE, NAESCO, Natural Resources Defense Council (“NRDC”),  
15 The Utility Reform Network (“TURN”), ORA (*ex officio* member), (CEC, *ex officio* member  
16 invitee) and the CPUC’s Energy Division (*ex officio* member).

17         The Commission in D.05-01-055 also provides guidance in the selection of the Peer  
18 Review Group (“PRG”), which consists of non-financially interested PAG members. The PRG  
19 is “expected to review the IOU’s submittals to the Commission and assesses the IOU’s overall  
20 portfolio plans, their plans for bidding out pieces of the portfolio per the minimum bidding  
21 requirement, the bid evaluation criteria utilized by the IOUs and their application of that criteria  
22 in selecting third-party programs.”<sup>9</sup> From this Joint PAG, SCE and SCG selected a subgroup of

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<sup>9</sup> D.05-01-055 at page 105.

1 non-financially interested members to serve on the Joint PRG which include representatives from  
2 TURN, ORA, NRDC, CEC and the Energy Division (serving as Chair of the PRG.)

3 **3. SoCalGas/SCE Joint Program Advisory Group Mission Statement**

4 The following Mission Statement was adopted by the Joint PAG at the March 22, 2005  
5 PAG Meeting:

6 The mission of the Program Advisory Group (PAG) is to advise  
7 Administrators on how the energy efficiency portfolio can meet and  
8 exceed the California Public Utilities Commission's (CPUC) energy  
9 savings and demand reduction goals and policy objectives, to provide  
10 input on customer and stakeholder wants and needs, and to help California  
11 achieve leadership in integrating energy efficiency into the procurement  
12 portfolio. The PAG supports the CPUC and Administrators in:

- 13  
14 1. Creating, building, and maintaining a world-class energy efficiency  
15 program.  
16 2. Firmly establishing energy efficiency as a reliable resource.  
17 3. Capturing all cost effective energy savings (broad and deep).  
18

19 On an annual basis, the PAG will provide a joint report to the CPUC's  
20 Energy Division with recommendations on how the Administrators can  
21 improve the effectiveness as administrators, and on how the program  
22 selection process could be improved.  
23

24 PAG will exist as long as the investor-owned utilities (IOUs) are the  
25 portfolio administrators or until such time that the CPUC directs the IOUs  
26 to disband them. Membership to the PAG maybe revisited after each  
27 program cycle.  
28

29 **4. PAG and Public Workshop Process**

30 In support of the planning process, SCE and SoCalGas held four Joint PAG meetings and  
31 participated in four joint PRG meetings. In addition, SoCalGas, in coordination with all the  
32 utilities, held two statewide PAG subcommittee meetings to discuss statewide planning issues.  
33 Furthermore, SoCalGas and SCE held two public workshops to solicit broader public input on  
34 the design of the portfolio including an overview of competitive bid process and criteria.

1 The PAG meetings and workshops were open to the public. To encourage public  
2 participation SCE and SoCalGas identified a set time during each meeting to allow for public  
3 input. In addition, the utilities created a statewide website  
4 ([www.californiaenergyefficiency.com](http://www.californiaenergyefficiency.com)) which acts as a clearinghouse for information related to  
5 the PAG meetings and the planning process including meeting notices, agendas, materials and  
6 minutes. The website also contains various links to reference documents (e.g., [www.calmac.org](http://www.calmac.org))  
7 and other relevant websites. The utilities also posted energy efficiency-related whitepapers from  
8 advisory group members and the public to allow for a more open exchange of ideas.

9 In addition to presenting program proposals and soliciting new ideas and feedback from  
10 PAG members, SoCalGas and SCE provided updates on Commission proceedings that were  
11 relevant to energy efficiency, e.g., Avoided Cost Rulemaking, EM&V activities, Energy  
12 Efficiency Policy Rules.

13 In addition, SoCalGas participated in two statewide PAG meetings held at Pacific Gas &  
14 Electric ("PG&E") to discuss statewide programs and consistency issues.<sup>10</sup> At these meetings,  
15 the utilities discussed their individual program portfolio revisions to the existing Statewide  
16 programs and their fund shifting and portfolio flexibility proposal.

#### 17 **IV. SOCALGAS' ENERGY EFFICIENCY PORTFOLIO DESCRIPTION**

##### 18 **A. SoCalGas Approach to Portfolio Design**

19 SoCalGas Senior Management provided the energy efficiency portlio planning staff with  
20 overarching objectives to guide its 2006 - 2008 portfolio development. The following are the  
21 overarching objectives:

---

<sup>10</sup> Statewide PAG Meetings: April 7, 2005; April 29, 2005



- 1 • Achieve or exceed the energy savings targets established by the Commission
- 2 • Provide programs integrating energy efficiency and renewable technologies
- 3 • Make it easy for our customers
- 4 • Create innovative offerings that will develop future savings streams
- 5 • Ensure that residential customers have access to a comprehensive range of
- 6 technologies, information sources, and incentives
- 7 • Involve our communities and valued service providers by developing partnerships
- 8 with various communities, and by utilizing third-parties to provide innovative
- 9 technologies and marketing approaches.

10  
11 **B. Market Sector Strategies to Meet SoCalGas Goals**

12 SoCalGas has taken a market-based approach and developed specific goals and targets  
13 for each of the market segments and end-uses based on this potential. See Ms. Besa's testimony  
14 in Chapter II for more details on the market specific goals and objectives.

15 SoCalGas is engaged in a comprehensive and sustained effort to aggressively pursue all  
16 available near-term, cost-effective energy savings, while maintaining the long-term perspective  
17 required to identify and foster the development of new technologies, new markets, and new  
18 market channels for innovative products and services. Significant increases in program goals  
19 over the 2004-2005 program period caused SoCalGas to scrutinize possible strategies for  
20 successful achievement.

21 SoCalGas examined two strategies. On one hand, portfolio planning staff favored  
22 entirely new programs employing totally new market channels, customer interface, and  
23 measures. On the other hand, the staff considered a strategy of forming the basis of the portfolio  
24 around strengthened "tried and true" programs, coupled with new and innovative programs. The  
25 latter prevailed, proving to be the most prudent use of ratepayer dollars while still offering  
26 substantial opportunity for innovation.

27 In determining the mix of programs for 2006, it was decided that SoCalGas' core  
28 programs would capture approximately 75% of the total therm savings goal, leaving 20% for

1 third-party programs and 5% for collaborations. Although the same methodology was applied in  
2 this filing for 2007 and 2008, SoCalGas fully expects to revise those percentages by moving  
3 successful, innovative third-party programs into the core program mix, thereby reducing  
4 dependence on the existing core savings programs.

5 The 75/20/5 allocation of savings allows for a layered approach to the portfolio  
6 development process. After the core programs have been developed, a solicitation process  
7 allows third parties to complement and extend the core programs by proposing innovative  
8 approaches for under-served markets. In addition to alternative marketing approaches, third  
9 parties may propose new or under-developed technologies to SoCalGas customers.

10 Upon selection of an appropriate portfolio of third-party programs, SoCalGas follows up  
11 on the third parties' market analyses with its own "final gap" analysis, incorporating the market  
12 coverage of both core and third-party programs. Any remaining gaps will be addressed through  
13 the collaborative programs, which typically are highly focused and precisely targeted. SoCalGas  
14 believes that the 75/20/5 allocation of savings as outlined above, will provide the appropriate  
15 mix of services provided through well-established program platforms, innovative third-party  
16 approaches, and highly-targeted collaborative programs.

17 Together, the SoCalGas programs, collaborations, and third-party concepts produce a  
18 balanced, comprehensive, and cost-effective portfolio that achieves the current energy efficiency  
19 goals, while also building the market channels, delivery platforms, and technology development  
20 capabilities required to maintain the state's position as the national leader in promoting energy  
21 efficiency.

### 22 **C. Integration With Demand Response and Renewables Programs**

23 One of the key policy initiatives that SoCalGas is pursuing is the integration of Energy

1 Efficiency, Demand Response and Renewable technologies into what its considers the “holistic”  
2 approach to responding to the customer’s energy needs but at the same time ensuring system  
3 reliability. SoCalGas believes this effort will greatly benefit customers by providing a more  
4 uniform message about energy management and eliminating the confusion between these  
5 technologies and what would best serve their needs. By utilizing the synergies between these  
6 options, SoCalGas believes that customers will be encouraged to address all the opportunities to  
7 improve energy usage and be more willing to continuously participate in these programs as they  
8 adopt these measures as part of their overall energy management strategy, thereby resulting in  
9 significantly higher levels of energy savings and load reduction.

10       Among the most significant aspects of SoCalGas’ 2006-2008 portfolio is its strategy to  
11 promote the convergence of energy efficiency and sustainable building program elements.  
12 SoCalGas has incorporated sustainable and green building elements into its Advanced Home  
13 New Construction Program, Advanced Home Remodeling third-party concept, and is proposing  
14 the Sustainable Communities Program. All contain components that promote renewable  
15 technologies.

16       Although the energy efficiency programs offer incentives for the energy efficiency  
17 component of the projects, SoCalGas will identify incentive sources for demand response and  
18 renewable technologies through SCE, the CEC or other federal assistance programs.

19 **D.     How the Portfolio Differs From Past Program Portfolios**

20       SoCalGas’ 2006-2008 Energy Efficiency Portfolio incorporates significant improvements  
21 to past program offerings. Most notably is our aggressive collaboration with SCE. In the  
22 portfolio, several core portfolio programs will be implemented in conjunction with the efforts of  
23 SCE:

- 1 • Advanced Home Program
- 2 • Savings By Design
- 3 • Sustainable Communities Program
- 4 • Home Energy Efficiency Surveys
- 5 • Nonresidential Energy Efficiency Surveys
- 6

7 SoCalGas also envisions joining SCE in its energy efficiency collaborations with  
8 municipalities, institutions, and academia. During the competitive bidding process of the third-  
9 party programs, bidders will be encouraged to also seize opportunities for collaborations with  
10 SCE where feasible. During the planning process, SoCalGas' program planning staff worked  
11 more closely than ever with SCE representatives, leading to the collaborations mentioned above;  
12 with these enhanced working relationships even more collaborations are likely in the future.

13 This plan also heavily relies on third parties to bring innovation to the portfolio. The  
14 solicitation process addresses the overall innovation needs of the portfolio and to meet gaps in  
15 portfolio coverage. SoCalGas firmly believes that the third-parties will provide the  
16 complimentary expertise needed to enhance the scope of the portfolio and take it to a new level  
17 of innovation and comprehensiveness.

18 This portfolio demonstrates key advancements in the new construction market. The  
19 Advanced Home Program is truly innovative, moving the new construction market forward as  
20 codes and standards increase significantly.

21 Finally, through the new Energy Efficiency Delivery Channel Innovation Program, the  
22 full portfolio is integrated through a new focus on delivery channels. This program focuses on  
23 connecting with targets on an on-going basis and making energy efficiency easier for them to  
24 implement. This is achieved through many suggestions brought forward by the PAG, PRG, and

1 members of the public interested in the development of the portfolio including;

- 2 • Leveraging the California Climate Registry to identify organizations interested in  
3 energy efficiency;
- 4 • Working closely with retailers to develop such things as kiosks offering simplified  
5 simulation modeling and other information, expanded instant rebates for measures,  
6 connecting survey results to measure point-of-purchase;
- 7 • Developing email communications to customers about their energy use patterns,
- 8 • Development of new “Welcome Packages” at time of service establishment; and,
- 9 • Leveraging community and faith based organizations efforts to increase energy  
10 efficiency awareness.

11 **E. Discussion of Challenges IOU Foresees In Implementing the Proposed Portfolio**

12 Numerous challenges affect today’s energy efficiency program planners:

- 13 • Energy efficiency standards, codes, and ordinances are catching up with today’s best  
14 technologies. As an example, minimum efficiency standards for residential furnaces  
15 and boilers could be increased within the next few years.
- 16 • As today’s technologies approach “theoretical” maximums, incremental efficiency  
17 becomes ever more expensive.
- 18 • As incremental efficiency gains become more expensive, market-potential total  
19 resource net benefits decline.
- 20 • On-site renewable systems cannot be marketed on simple payback.

21 The SoCalGas portfolio addresses these challenges by (1) incorporating flexibility into  
22 program design, allocating significant resources towards the identification and development of  
23 emerging technologies; and (2) by promoting the convergence of energy efficiency and

1 green/sustainable building programs.

2 In addition to the examples of challenges outlined above, there are other risk factors that  
3 can affect any business model, and could impact the state's ability to reach its energy efficiency  
4 targets. Examples are:

- 5 • *The timing of increases in efficiency standards and codes.* The timing for any such  
6 changes can affect SoCalGas' ability to incorporate alternative technologies and  
7 strategies into its program portfolio. When standards change, industry resources tend  
8 to be allocated towards meeting the standard, not pursuing higher efficiency levels.
- 9 • *Expected decreases in production costs for renewable technologies are not realized.*  
10 Most projections of adoption rates for renewable technologies incorporate the impact  
11 of efficiencies of scale on future production costs. To the extent that these  
12 efficiencies are not realized, prices may not fall.
- 13 • *General economic conditions.* Higher interest rates can reduce industry R&D,  
14 limiting investments in new technologies. Real estate prices can decline, dampening  
15 the savings potential for new construction and remodeling programs. Military base  
16 closures can affect local and regional economies. Tax credits for investments in  
17 energy efficiency and renewable energy systems can change, reducing the  
18 attractiveness of investments in these areas.
- 19 • *Decline in customer perception of need for energy savings.* The energy crisis of  
20 2000-2001, while a recent memory in the minds of utility personnel and regulators,  
21 may not be as significant to consumers or the media as this competes with other  
22 issues such as rising gasoline prices during the summer.

23 However, the SoCalGas program portfolio is sufficiently robust and flexible to meet

1 many of these challenges and is prepared to shift resources and develop new strategies to address  
2 various contingencies and maximize the chances for future success.

3 **F. Description of Proposed Statewide Marketing Effort**

4 SoCalGas, together with PG&E, SCE and San Diego Gas & Electric (“SDG&E”),  
5 propose to continue and build upon the success of the existing statewide programs through the  
6 Efficiency Partnership, Univision and Runyon Saltzman & Einhorn. This statewide campaign  
7 provides high level awareness about energy efficiency and energy and water conservation.  
8 Continuation of these statewide programs will build upon their strengths, particularly in the  
9 various ethnic communities they serve, allow development of other ethnic group outreach  
10 (besides Spanish-speaking) efforts and ensure strong coordination between the statewide  
11 marketing outreach efforts and the utility program efforts.

12 In addition, SoCalGas is proposing to collaborate with the Energy Coalition through the  
13 continuation of its 2004-2005 Community Partnership program on the integrated energy  
14 efficiency and demand response PEAK Student Energy Action program. This program is a  
15 comprehensive student learning experience intended to teach school children the value of smart  
16 energy management.

17 **G. Description of Approach to Portfolio Level Quality Assurance and Inspection**

18 SoCalGas currently has quality control procedures in place to verify that measures are  
19 installed prior to payment, and in certain programs SoCalGas may conduct pre-installation  
20 inspections. SoCalGas conducts on-site inspections at customer sites to ensure that the measures  
21 are installed and match the information that is provided in the application. Inspection quantities  
22 can vary from a sample to 100 percent of site inspections, depending on the type of measures  
23 and/or the amount of the rebates paid. Inspections are managed by SoCalGas staff. As part of its

1 commitment to process improvement, SoCalGas continuously evaluates the sample size  
2 requirements for the various programs and determines ways to make it convenient for customers.

3 **H. Description of How SoCalGas' Portfolio Diversifies Risk in Meeting Savings Goals**

4 A well-considered risk management strategy is as important to utility demand-side  
5 planning as it is to supply-side resource planning. The SoCalGas portfolio reduces overall risk  
6 by diversifying its programs along three principals:

- 7 1. Technologies
- 8 2. Market segments
- 9 3. Market channels and agents

10 **1. Technologies**

11 The spectrum of programs in the SoCalGas portfolio promotes dozens of widely-  
12 applicable technologies, covering virtually all natural gas end-uses in the residential and non-  
13 residential market sectors. SoCalGas promotes additional technologies for customer-specific  
14 applications through programs such as the Education and Training's Industrial End-User  
15 Program component, the third-party Energy Efficiency Kiosk Pilot concept, and the On-Bill  
16 Financing for Energy Efficiency Equipment Program. Further risk diversification is attained by  
17 balancing between new and existing technologies. SoCalGas' Advanced Home and Emerging  
18 Technologies programs and the third-party Advanced Home Retrofit and Portfolio of the Future  
19 concepts will help reduce the risks associated with an over-reliance on existing technologies.

20 **2. Market Segments**

21 Diversification across market segments reduces the risks associated with economic or  
22 other risk factors. As an example, new construction or industrial programs offer an opportunity  
23 to capture significant savings, but these market segments are sensitive to economic conditions.



1 Industrial and commercial customers will sharply curtail investments in energy efficiency during  
2 economic downturns. Certain other programs, such as the Residential and Non-Residential  
3 Energy Efficiency Programs are normally less sensitive to economic fluctuations. Changes in  
4 energy efficiency standards or building codes can affect the Advanced Home Program to a  
5 greater extent than the third-party Advanced Home Remodeling Program concept.

### 6 **3. Market Channels and Agents**

7 Diversity in market channels can reduce risk within an individual program. For example,  
8 upstream incentives have the potential to open new market channels within the Single Family,  
9 Multifamily and Non-Residential Energy Efficiency Programs. The third-party Advanced Home  
10 Remodeling Program concept can open up a new market channel -- home remodeling  
11 contractors.

12 By utilizing a mix of market agents, SoCalGas further reduces program risk. An  
13 appropriate level of third-party involvement in the delivery of services can be an effective  
14 mechanism for introducing innovative implementation, marketing, and service delivery concepts  
15 into existing programs. SoCalGas' unprecedented collaboration with SCE and other municipal  
16 energy providers, e.g. Los Angeles Department of Water and Power ("LADWP") is an example.  
17 The third-party Energy Efficiency Kiosk Pilot concept will also increase the number of financial  
18 institutions acting as market agents for the portfolio. SoCalGas programs that identify new  
19 technologies also have the potential to increase the range of market channels and market agents  
20 for the entire portfolio.

### 21 **I. Description of How Portfolio Leverages State, Regional and National Efforts**

22 SoCalGas, as in the past several years, has coordinated with PG&E, SCE and SDG&E,  
23 particularly for programs that involve upstream/midstream market actors that operate throughout

1 California. Examples of midstream/upstream market actors are Big Box Retailers, e.g., Home  
2 Depot, Costco, etc.; energy service providers that work with large customers that have a  
3 statewide presence e.g., banks, grocery chains, etc.; manufacturers, manufacturing trade  
4 associations, etc.. Coordinating with the other utilities facilitates the availability of high quality  
5 energy efficient products in California. Additionally, the utilities have also coordinated with  
6 other municipalities such as Sacramento Municipal Utility Districts (“SMUD”), LADWP, etc. to  
7 promote common products at comparable rebate levels. SoCalGas will continue these statewide  
8 coordination efforts to continually improve energy efficiency product selection and availability,  
9 and standardize efficiency requirements.

10 SoCalGas also collaborates with state agencies, particularly the CEC, on such programs  
11 as emerging technologies and codes and standard activities. In order to assist the various state  
12 agencies in complying with the Governor’s Executive Order for Green Buildings, SoCalGas will  
13 work with various state agencies to increase participation in its energy efficiency programs. On  
14 the regional and national front, SoCalGas is an active participant in the activities of various  
15 entities such as the Department of Energy/Environmental Protection Agency on the ENERGY  
16 STAR<sup>®</sup> Program, the Consortium for Energy Efficiency and the American Council for an Energy  
17 Efficient Economy.

18 **J. Description of How the Portfolio “Plants the Seeds” For a Future Ramp-Up in**  
19 **Savings to Meet the More Aggressive Targets Beyond 2008**

20 The SoCalGas portfolio incorporates several strategies to facilitate a ramp-up in savings  
21 to meet more aggressive targets beyond 2008. The following are central components of that  
22 strategy:

1           **1.       Increase the Flexibility of the Core Programs**

2           By building flexibility into the Residential Single Family, Multifamily and Non-  
3 residential Energy Efficiency programs, additional technologies, market channels, incentive  
4 structures, and delivery mechanisms can be incorporated on a continual basis. It is expected that  
5 the typical measures incentivized under these platforms will continuously evolve, and that  
6 implementation strategies will be evaluated and modified.

7           **2.       Leverage Third Party Energy Efficiency Service Providers to Introduce and**  
8           **Develop Market Channels For New Technologies**

9           The SoCalGas portfolio development strategy envisions a key role for third-parties in  
10 reaching beyond the horizon to identify promising new technologies and develop the marketing  
11 approaches necessary to gain acceptance for these new products and services. As the nation's  
12 largest gas utility, with a long history of program implementation, SoCalGas is able to offer  
13 considerable support to companies engaged in the development and delivery of innovative  
14 products and services. This relationship should allow our customers to overcome the  
15 uncertainties and lack of information associated with new technologies.

16           **3.       Promote the Convergence of Statewide, and National Green / Sustainable**  
17           **Building Initiatives with the SoCalGas Program Portfolio**

18           Nationwide, the recent growth in green and sustainable building programs is a strong  
19 indicator of future demand for green buildings. In order to maximize the energy savings  
20 potential of these homes and buildings, SoCalGas is leveraging statewide green initiatives with  
21 several of its new programs such as Advanced Home Program in addition to expanding its  
22 Savings By Design and Sustainable Communities program. To expand the market for green  
23 building practices beyond the new construction market, the third-party Advanced Home  
24 Remodeling Program will target the pre-1970 homes that have been previously identified as a

1 key residential market segment.

2           **4. Invest In Education and Training Programs, To Stimulate the Future**  
3           **Demand for Energy Efficiency, And To Help Develop the Skills Needed For**  
4           **2009 And Beyond**

5           For many customers, the residential and non-residential energy surveys act as the starting  
6 point for outreach and education. The surveys leverage participation in other programs in the  
7 SoCalGas portfolio. Additionally, the proposed SoCalGas 2006-2008 Energy Efficiency  
8 Delivery Channel Innovation Program leverages the energy survey through its ongoing online  
9 communications component. The program also works to provide context for why energy  
10 efficiency is important and needs to be thought about in new ways (beyond periods when bills  
11 are high or during an energy crisis).

12           Training programs, such as the HVAC Certification and Training Program component of  
13 the Energy Efficiency Education and Training Program address the need for continued SoCalGas  
14 involvement in building the human resource infrastructure necessary to support new programs  
15 and new technologies.

16           **5. Invest Substantial SoCalGas Resources In Programs That Identify, Help**  
17           **Develop, And Promote The Adoption Of New Energy Efficiency**  
18           **Technologies**

19           SoCalGas responds to its recognition of the importance of investing in new and emerging  
20 technologies by increasing its Emerging Technology program budget for 2006 - 2008.

21 SoCalGas has incorporated changes to its existing programs to provide them with the flexibility  
22 required to accommodate new technologies, develop new market channels, and create incentive  
23 structures that will accelerate the adoption of new technologies. In addition, these and several  
24 other programs (such the Advanced Home Program, Emerging Technologies, Sustainable  
25 Communities, and the third-party Portfolio of the Future concept) will focus on identifying new

1 technologies and developing program implementation strategies for integrating these  
2 technologies into SoCalGas future program portfolios. Fund shifting flexibility will allow  
3 SoCalGas to transfer funds to these programs that provide for future savings potential as these  
4 programs mature.

5 **K. Improving the Portfolio During the Program Cycle and What Strategic Planning**  
6 **Initiatives Will Continue Beyond June 1, 2005**

7 The current planning cycle, from January through mid-May 2005 was indeed an  
8 aggressive schedule. Although, SoCalGas and its PAG and public participants had several  
9 meetings to discuss and develop this 2006-2008 portfolio of programs, much work still remains  
10 to ensure the smooth implementation of these programs.

11 SoCalGas is committed to follow-up meetings with its PAG and/or PAG subcommittees  
12 to continue defining program details. An example is the coordination of the SoCalGas'  
13 collaborations with SCE. Another is the discussion to determine the optimum and most cost  
14 effective method to continue offering performance-based incentives for residential new  
15 construction in conjunction with its Advanced Home program.

16 SoCalGas will also continue to work with its PRG on the competitive solicitation process.  
17 After the selection process of qualified non-utility programs, SoCalGas will work with the PRG  
18 to ensure that the final portfolio -- SoCalGas' core programs and non-utility programs, is cost-  
19 effective and innovative -- provides ample opportunities for future savings and will be successful  
20 in meeting Commission established goals.

21 On the statewide level, SoCalGas is committed to working with the statewide HVAC and  
22 Water Heating subcommittees to discuss and refine program requirements and identify  
23 opportunities to promote energy efficiency in these end use markets. As the utilities continue to

1 finalize their portfolios, SoCalGas will continue to coordinate on statewide program details in  
2 areas such as: measures, rebate levels, program participant transparency (i.e., avoid confusion  
3 and frustration among customers and statewide and energy efficiency service providers that seek  
4 to serve these customers), and programs that are targeted at upstream market participants such as  
5 upstream HVAC, motors and lighting.

6 A key component of SoCalGas' continuous improvement program involves consistent  
7 efforts to: establish and refine appropriate metrics for each program, to design program databases  
8 which incorporate data points for process and impact evaluations; and to collect data from  
9 customers, market channel actors and program implementation staff. The establishment of key  
10 metrics for each program is an essential component of this process. In addition to this external  
11 feedback loop, a substantial part of the work product for programs such as the Statewide  
12 Emerging Technologies Program and the third-party Portfolio of the Future concept will consist  
13 of recommendations for incorporating new technologies or implementation strategies into  
14 existing incentive programs. A continuous process for accommodating these changes is an  
15 essential component of these new crosscutting programs.

16 **L. Description of How Programs Delivered By All Implementers Within the Portfolio**  
17 **Will Be Coordinated to Ensure Success**

18 Within the long-term perspective that SoCalGas is adopting with this program portfolio,  
19 third-party implementers, market channel partners, and other market actors have and will  
20 continue to benefit from increased program participation and increased roles in the planning and  
21 development of new program strategies.

22 In its efforts to cover all market sectors and technologies, SoCalGas recognizes that  
23 within its portfolio, it is important to incorporate a strategy that minimizes overlap and allows

1 third-party implementers to participate in the delivery of program services. To the extent that  
2 certain programs are intended to leverage customer participation in other programs, a certain  
3 amount of overlap is indeed desirable. However, based on experience, overlaps between two or  
4 more third-parties, or between SoCalGas and third parties can create conflict and customer  
5 confusion. In order to maximize the chances for third party implementers to be successful and to  
6 minimize customer confusion, markets and program responsibilities have been clearly delineated  
7 as part of the process for determining which programs or program components will be  
8 competitively bid.

9         Once third-party implementers have been selected, SoCalGas will have quarterly  
10 conferences including implementers, in order to share experiences, listen to suggestions, develop  
11 more consistent communication and marketing strategies, and resolve conflicts. A conference  
12 planning committee will be established to formulate agenda items and conference activities.  
13 This Committee will be comprised of implementers and SoCalGas staff working collaboratively.

14         Through the quarterly conferences of efficiency program implementers, participants will  
15 be offered the opportunity to create alliances and cooperative arrangements to improve market  
16 performance. For example, installers may arrange with retailers to refer each others clients, or  
17 non-competing implementers may jointly address the same population with sales messages.

18         SoCalGas also intends to treat these quarterly conferences as training sessions for the  
19 implementers. These sessions will include a focus on continuous customer service  
20 improvements leveraging SoCalGas' experience in providing excellent customer service as a  
21 public utility. Techniques that garnered SoCalGas consistently high customer service  
22 satisfaction ratings will be shared with emerging providers of energy efficiency services.

23         As part of its Portfolio Management responsibilities, SoCalGas' management will also

1 review on a monthly basis the general progress of the utility and non-utility programs, reviewing  
2 both expenditures and goal achievement. Programs that appear to have difficulties in penetrating  
3 their designated markets will be reviewed and remedial measures, e.g., change in market  
4 approach, addition/deletion of measures, incentive changes, etc., will be implemented as  
5 necessary. Ultimately, programs that are not successful after a reasonable implementation period  
6 in the market and not achieving goal may be replaced or enhanced. On the other hand, programs  
7 that are successful and in high demand or if the introduction of new measures will further  
8 enhance performance, SoCalGas will move quickly to ensure that funds are not depleted and  
9 prevent program closures due to lack of funding. Fund shifting and portfolio flexibility  
10 mechanisms adopted by the Commission will allow SoCalGas, in consultation with its PAG and  
11 PRG, to make these changes.

12 **M. Recommendations from PAG, PRG and Public Work**

13 SoCalGas' PAG and public input process has indeed been a fruitful venture and has  
14 resulted in SoCalGas' portfolio. The advisory groups were an integral part 2006 - 2008 program  
15 planning process leading up to this filing. Most recommendations were collected as part of the  
16 advisory group and public workshops. Other public input was provided to the IOUs in the form  
17 of whitepapers which were posted on the website. To process and internalize the  
18 recommendations received by the collaborative process, SoCalGas reviewed the  
19 recommendations quickly and considered whether the recommendation was applicable, feasible  
20 and improved, in some fashion, the portfolio's goal of achieving cost effective energy efficiency,  
21 from either a near or long-term perspective. SoCalGas received a total of 121 unique program  
22 recommendations from various PAG members and the public. Of these recommendations,  
23 SoCalGas has integrated a vast majority of the recommendations and rejected only nineteen.



1 Attachment A lists all the recommendations received and SoCalGas' response to the  
2 recommendation, including elaboration on why the relatively few recommendations were not  
3 integrated.

4 This concludes my prepared direct testimony.

1

2 **V. QUALIFICATIONS**

3 My name is Patricia Wagner and I am employed by Southern California Gas Company  
4 (SoCalGas). My business address is 1919 State College Boulevard, Anaheim,, California 92806-  
5 6114..

6 My present position is Director of Customer Programs. My responsibilities include  
7 directing the customer programs for both SoCalGas and SDG&E.

8 I received a Bachelor of Science degree in Chemical Engineering from California State  
9 Polytechnic University. I also earned a Masters degree in Business Administration from  
10 Pepperdine University. I joined SoCalGas in 1995 as a market advisor in the market services  
11 department, and have since held positions of increasing responsibility. I assumed my current  
12 position in April 2002.

13 The purpose of my testimony is to sponsor SoCalGas' proposal to achieve the  
14 Commission-adopted energy efficiency savings and demand reductions for 2006-2008.

15 I have not previously testified before the California Public Utilities Commission.

16



**Attachment A**

**Wagner Testimony**

**Southern California Gas Company**

**PAG Recommendations**

SOUTHERN CALIFORNIA GAS COMPANY

ATTACHMENT A  
PROGRAM ADVISORY GROUP RECOMMENDATIONS

	Recommendation	Status	SoCalGas Response
<b>HVAC Programs</b>			
1.	Recommendation to not spend a lot of money on such HVAC certification programs where funds could be better spent on other types programs.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation of caution.
2.	Proposal for a two track rebate approach - one for air duct testing including a survey. Also, suggestion for a smaller program to test the effectiveness of such an approach.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
3.	Recommendation to include residential segment to the Upstream HVAC program.	Integrated	SoCalGas supports this recommendation. Evaluation The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
4.	Suggestion that IOUs need to focus right sizing for the residential HVAC segment.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
5.	Recommend IOUs consider Verification Service Provider program	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
6.	Recommend statewide program which includes five HVAC strategies: Efficient operation, verified duct sealing, removal of old inefficient central a/c, room and economizer commissioning.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
7.	Measurement and evaluation will be focused and comprehensive on the HVAC program	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
			concept will address this recommendation.
8.	Incentives for early stocking for early compliance of new units.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
9.	Focus on HVAC comfort as a marketing technique	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation.
10.	Education on HVAC - Testing & Sealing	Integrated	In 2005, SoCalGas has initiated a duct sealing and testing program within the Education and Training program. This will be continued in 2006 and beyond absent a more comprehensive third-party program being accepted.
11.	Create a link between comfort and EE. "Comfort Seal of Approval" which can be used in the future when selling the building.	Not Integrated	Will be considered in the future of the Advanced Home Program.
12.	Linking quality HVAC installation with customer rebate.	Integrated	SoCalGas supports this recommendation. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation
<b><i>Water Heating Programs</i></b>			
13.	Look into expanding the 3rd Party water heater program	Integrated	SoCalGas supports this recommendation and has designed a third-party Comprehensive/Innovative Upstream/ Midstream/Downstream Water Heating Replacement concept to address the water heating ideas. This concept will require that potential bidders include all aspects of the statewide recommendations currently being developed.
14.	Take up the solar water heating issue at the SW subcommittee	Partially Integrated	SoCalGas has proposed in the core Advanced Home program and the third-party Comprehensive/Innovative Upstream/ Midstream/Downstream Water Heating Replacement and Residential Advanced Home Remodeling/Renovation concepts which will specifically include solar water heating is addressed at consistent with CPUC policy. SoCalGas does not believe a SW subcommittee is necessary.
<b><i>On-Bill Financing</i></b>			
15.	Investigate financing options	Integrated	Non-residential customer on-bill finance proposal is included in the portfolio.

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
16.	Recommends a residential HVAC financing program.	Pending	This will be considered in Phase Two of the on-bill financing program design.
17.	Off-bill Financing for MF units to the owners.	Integrated	On-bill financing will be available to certain owners of multi-family facilities.
18.	Would like to hear more about any loan offering program - the challenges and failure stories.	Pending	This will be an agenda item for the next PAG meeting.
19.	Default rate assumptions should be presented as part of the program plans.	Integrated	On-bill financing default assumptions are included in the proposal. All assumptions will be shared with PAG members.
20.	Investigate off bill financing for other segments, sectors	Integrated	SoCalGas will continue to promote off-bill financing options for residential customers.
21.	Recommend using a financing mechanism for small business customers but target independently owned business. For example, business in rural areas and small restaurants for gas opportunities. In addition, SCG should look into bulk purchasing for the small restaurant market.	Partially Integrated	On-bill financing will be available to all small business customers. SoCalGas is not a merchandising utility; therefore, providing bulk purchasing options for small restaurants is outside the utility scope. However, we believe that such purchasing groups already exist in the market.
22.	Control what type of equipment gets installed as part of the financing program.	Not Integrated	All equipment that qualifies in the rebate or incentive programs will be eligible for on-bill financing.
23.	Recommend that on-bill financing be made available to local governments.	Integrated	Local governments can participate in the on-bill financing program.
24.	IOUs should look into electronic documentation in lieu of paper documentation	Integrated	Efforts are made in all aspects of SoCalGas billing system to reduce paper documentation where legally permissible. On-bill financing will not be an exception.
25.	Start with small business before entering into SF or MF markets	Integrated	The first phase of SoCalGas' on-line billing program targets the small business customer. Certain MF owners (operating as small businesses) will also be eligible.
26.	Extend life of loan to allow for immediate bill reduction	Partially Integrated	Loan terms have been established for Phase 1 at 2-5 years, depending on the customer segment. This issue will be re-evaluated as the program is implemented and findings reported to the PAG.
27.	Attach loan to equipment/facility as a opposed to customer	Not Integrated	The loans will be attached to the customer of record on SoCalGas' billing system.
28.	Narrow your focus to segments within specific commercial and industrial markets. Don't be too expansive with offerings.	Not Integrated	SoCalGas intends to offer on-bill financing to all "core" segments of the commercial and industrial markets.
29.	Begin with a targeted pilot to gauge the success of the program strategy.	Integrated	SoCalGas is targeting the commercial segment in our initial offering and will conduct various pilots to ensure billing accuracy and customer acceptance.
30.	Explore an on-bill financing option for residential customers and target high bill customers whether on-line or otherwise.	Pending	Residential customers will not be included in the first phase implementation of OBF. This will be considered for a later phase of the

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
			program. Program design issues will be discussed with PAG.
31.	Look into an advisory board as part of the planning process for financing program to work out the knotty regulatory issues.	Integrated	SoCalGas will use the PAG quarterly meetings as the advisory committee.
32.	Track type of customers that participate in the small business financing program to see if the participants are different than the current/previous participants in the small business programs.	Integrated	Tracking such as this and more will be part of the program.
33.	Should experiment with different kinds of loan offerings (e.g., vary interest rates, larger down payment, etc.)	Not Integrated	SoCalGas believes specific offerings for the initial implementation of the program offering is the most time-effective approach. As experience is gained, varied loan offerings will be explored.
34.	Explore an on-bill financing option for residential customers and target high bill customers whether on-line or otherwise.	Not Integrated	SoCalGas is proposing the first phase of the on-bill financing program target non-residential customers. However, SoCalGas will evaluate this recommendation when designing the residential generation of the program.
<b>Residential Energy Surveys</b>			
35.	Suggest that the IOUs connect survey to the point of purchase.	Integrated	This has been established as a goal of the SoCalGas Home Energy Efficiency Survey and Energy Efficiency Delivery Channel Innovation Program.
36.	Agrees with Whole Building Analysis/approach. Piecemeal approaches do not work. Need a program that focuses on older homes.	Pending	SoCalGas supports the whole-building approach to an energy survey and will investigate this further in the scope of work for the subcontracting of the in-home survey procedures. Older housing stock will be given priority for surveys.
37.	Train evaluators to look at whole package. Suggest an industry opportunity here. Independent evaluation of the needs in whole house approach.	Integrated	SoCalGas concurs with this recommendation and includes training of evaluators as a component of the in-home survey program.
38.	CHEERS requirement has this type of certification built into 2005 codes	Not Integrated	SoCalGas believes this recommendation is more of a comment and will seek clarification at the next PAG meeting.
39.	Link survey response to actual billing data.	Integrated	The mail-in energy efficiency surveys will continue to be linked to actual billing data. SoCalGas will look into connecting the other survey types as well.
	Provide contractor referrals to participants conducting an online audit.	Integrated	SoCalGas will develop and maintain listings of all available contractors in the customer's area. This will require legal review/design to avoid inherent anti-trust issues.
40.	View audit as a mini-procurement plan for res and very small business.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program and both survey programs.
41.	Target audits such as when the home was built. (e.g., prior to 1986). Prioritization of housing stock.	Integrated	SoCalGas considers this key to in-home surveys and will segment surveys by age of housing stock for maximum impact.



	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
42.	Build on-line interface among electric and gas billing systems. Also, include a whole house modeling approach.	Integrated	SoCalGas and SCE will co-deliver residential surveys and include water agencies. A whole house modeling approach will also be incorporated.
43.	Continue in-home audits.	Integrated	SoCalGas and SCE will continue in-home surveys collaboratively.
44.	Should offer different audits and ask customer which one they prefer. Different access and increase in scope to include other services other than energy payback.	Integrated	SoCalGas does support this idea and will offer in-home, mail-in, and online versions of the surveys. SoCalGas will also work toward increasing scope with later versions of the surveys in the planning period. In all cases, customers will be provided a choice.
45.	Suggestion that whole house audits are valuable especially strategies like CHEERS. Also, suggest that the energy efficiency recommendations to the homeowner come from a different source rather than from the contractor provide services.	Integrated	SoCalGas will offer surveys to customers at time of service establishment and make customers aware of CHEERS-type surveys. SoCalGas/SCE is proposing a third-party Energy Efficiency Kiosk Pilot program concept which will bring energy information to the customers of lending institutions, including all types of surveys.
<b>Residential Rebate Programs</b>			
46.	Link rebates (on-line) to in-store information EE kiosks.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
47.	Look into offering different rebate levels in different areas in response different avoided costs within their service territories.	Not Integrated	Working with the other IOUs, SoCalGas will certainly consider multiple rebate levels where practical and appropriate. However, concerns over different rebate levels for same measures and statewide consistency issues must first be addressed.
48.	Consistent rebate levels for non-weather sensitive measures across the IOUs	Integrated	The statewide teams have achieved consistent rebate levels.
<b>Customer Outreach</b>			
49.	Investigate the 1-2-5 approach include targeting of CEO.	Integrated	We will implement a targeting approach but not choose a specific vendor approach. Further, SoCalGas will implement an outreach program for SoCalGas executives to contact customer executives to explain the benefits of EE program participation as part of the Energy Efficiency Delivery Channel Innovation Program.
50.	Use Climate Registry to identify organizations that tend to be interested in energy efficiency.	Integrated	SoCalGas supports this and will include it in the goals of the Energy Efficiency Delivery Channel Innovation Program.
51.	Recommendation to use CBOs to outreach to the local communities especially to the residential market.	Integrated	This, along with increased FBO participation has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
52.	Taking advantage of a service call to promote EE to the customer.	Integrated	SoCalGas service technicians provide customers with energy efficiency information at every service call.

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
53.	Color code bill when consumption increases.	Pending	SoCalGas' billing organization has been made aware of this recommendation and is looking into feasibility from a cost-effectiveness perspective. In rendering over five million bills a month, SoCalGas is very cost conscious about changes.
54.	Suggestion to offer simplified simulation modeling for customers that are doing retrofits in the residential market potentially at a big box retailer through a kiosk. This would steer people to more energy efficiency option at the time of remodels.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
55.	Giving customers feedback on savings (for example, a bar chart of monthly usage).	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
56.	Every time you interact with the customer, you should be bringing them back to your program using the local collaboration.	Integrated	Working with our municipal collaborators, SoCalGas will ensure customers are made aware of the portfolio of programs.
57.	Include a follow-up with customers to ensure customer satisfaction with program design	Integrated	Formalized customer satisfaction studies have continually been done in the past and will continue in the future. Results will be shared with the PAG and PRG.
58.	Schools should have an energy efficiency decathlon.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program or may be included in the third-party energy education program concept RFP.
	Tie-in energy audits with social responsibilities.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program and will become part of the message platform.
59.	Suggest that the IOUs look into providing customers with a monthly e-mail about their energy usage patterns for those who opt for on-bill payments. Maybe offer a higher energy efficiency incentive for those residential customers who join an on-bill payment program.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
60.	Recommendation to develop a "Welcome Package" for new homebuyers which encourages an EE audit. Also look into encouraging local governments to require new homeowners to make basic EE improvements.	Integrated	This has been established as a goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
<b><i>New Construction</i></b>			
61.	Encourage builders to incorporate a chip into new homes to monitor performance.	Not Integrated	At this time that advanced technology is not planned to be part of the Advanced Home program.
62.	Cross marketing approach with Green Building Initiative.	Integrated	The Green Building Initiative is addressed in SoCalGas' Education and Training program, Savings By Design, Advanced Home, Express Efficiency and

	Recommendation	Status	SoCalGas Response
			will be part of the RFP for the Residential Advanced Home Remodeling/Renovation third-party program concept.
63.	Suggests not to over allocate funds to SBD.	Integrated	SoCalGas' believes the budgets for the Savings By Design Program(s) are properly allocated.
64.	Habitat for Humanity collaboration with Savings By Design and residential new construction.	Partially Integrated	SoCalGas collaborates with Habitat for Humanity on an ongoing basis and will continue to do so through the program cycle. Since SBD focuses on commercial new construction, the tie to HFH is not clear in this recommendation.
65.	Suggestion to provide incentives for buildings/homes for not installing central air conditioning in new construction.	Not Integrated	Homes incorporating Advanced Home Program measures will be recognized whether or not central air-conditioning is installed.
66.	Breakout a HVAC component for the new construction program including appropriate installation training and make it an upstream strategy.	Not Integrated	SoCalGas will continue to assess the viability of an upstream strategy for HVAC measures in the new construction market.
	The current Title 24 software is deficient and it should be improved.	Not Integrated	SoCalGas feels this is outside the scope of a recommendation but is more of a stated opinion. However, Title 24 is within the scope of SoCalGas' statewide Codes and Standards activities and will be continually addressed. Savings By Design has included modules in EnergyPro (CEC-certified nonresidential Title 24 compliance software) to make participation in SBD more streamlined by indicating, amongst other things, the margin of compliance, energy savings, and the building owner's incentive. Through support from the statewide Savings By Design Energy Design Resources program, the eQuest program was developed and recently certified by the CEC to provide a second nonresidential Title 24 compliance software program to the market. Both software packages will be reviewed for the 2006-2008 programs (which will mostly use the 2005 Title 24 Standards) for additional upgrades.
67.	The 10-15% proposed level for Res. New Construction appears too low. It should be increased such as 50%.	Not Integrated	SoCalGas believes this is far too great a step for home builders and was not supported by the building industry representative on the PAG.
68.	Improve Title 24 software but it should be used.	Integrated	Title 24 is the basis of the Advanced Home Program. Title 24 is also within the scope of SoCalGas' statewide Codes and Standards activities and will be continually addressed. (See additional comments above.)

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
69.	An additional tier above the 15% tier should not be added. Should look into fixing software if it can be manipulated to reach proposed tier levels.	Integrated	The Advanced Home program will recognize projects exceeding Title 24 standards by a minimum of 15%. It is anticipated that demonstration and pilot projects supported by the program will have efficiency levels above 15%. The CEC approves software modification for performance modeling of new homes. SoCalGas will continue to work with the CEC to recognize emerging technologies in the standards.
	Should set a higher bar for builders so suggest a higher tier level understanding that the 15% level may be needed.	Integrated	The Advanced Home program will recognize projects exceeding Title 24 standards by a minimum of 15%. It is anticipated that demonstration and pilot projects supported by the program will have efficiency levels above 15%.
70.	Incorporation of Demand Response such as smart thermostats.	Partially Integrated	Demand Response technologies will be incorporated where feasible.
71.	Need a three year plan not a short-term plan.	Integrated	The Advanced Home Program is a three year program.
72.	Design competition may be a good strategy to pursue. Take risks to move the market beyond new standards.	Integrated	The Advanced Home Program anticipates significant architectural contact including design team incentives for visionary designs. Savings By Design, in conjunction with the American Institute of Architect California Council, has an ongoing statewide annual design competition that encourages and rewards good energy efficient design.
73.	Missing the remodeling market. Should be expanded to incorporate this market.	Integrated	SoCalGas concurs with this recommendation and designed a third-party Residential Advanced Home Remodeling/Renovation concept. Implementation of this program will directly involve the remodeling market. Savings By Design also addresses the major renovations and additions in the non-residential market.
74.	Suggestion to include solar heating in the residential new construction energy efficiency program, for example, solar heating in combination with tankless water heating	Partially Integrated	SoCalGas is investigating inclusion of this consistent with CPUC policies. The results of this investigation will be shared with PAG members as it evolves.
75.	Suggestion to create a tiered incentive approach in the new construction program. Also, tie appliances to the purchase of the new home.	Integrated	The Advanced Home Program offers several tiers for builder participation including various energy efficient measures, performance-based levels of 15% over Title 24 as well as demonstration and pilot project support.
<b>Codes and Standards</b>			
76.	Ensure that the codes and standards programs are receiving adequate attention to meet both near-term targets and Longer-term targets.	Integrated	Codes and Standards activities are being continued in the SoCalGas portfolio at a higher resource level than in previous years.

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
77.	Suggestion that codes and standards work conducted by the IOUs should be given credit for energy savings created by new codes. To date, the codes and standards program has been treated as an information program.	Pending	The Codes and Standards program managers are working with the CPUC to resolve this recommendation.
<b>Emerging Technologies</b>			
78.	Methodology for solicitation for ET through approaching investors to build a business plan for individual technologies.	Not Integrated	SoCalGas unsuccessfully sought clarification of this recommendation from the PAG. We are unsure of the origin of this recommendation.
79.	Should look at a solar PV approach to swimming pool energy consumption	Pending	Will be considered in the statewide Emerging Technologies work.
80.	Provide an itemize list of emerging technologies which would be commercialized in 3-7 year period and an estimate of corresponding energy savings and demand reduction potential.	Integrated	This is addressed in the Emerging Technologies data base at <a href="http://WWW.CA-ETCC.COM">WWW.CA-ETCC.COM</a> . Additional work toward this objective will occur during the 2006-2008 program cycle.
81.	Suggestions to leverage CEE which can help promote emerging technologies on a national level.	Integrated	SoCalGas is a charter member of the Emerging Technologies and Commercial Kitchen committees of the CEE.
82.	Suggestions to leverage CEE which can help promote emerging technologies on a national level.	Integrated	CEE will be involved with the Emerging Technologies and Education and Training programs.
<b>Commercial/Industrial Programs</b>			
83.	Dry Cleaning Market Segment. Aggressive effort to try and reach all dry cleaners that will purchase new equipment over next two years.	Integrated	SoCalGas has focused heavily on this segment for several years and will continue during this program cycle with an even greater focus due to the forced equipment change-out these customers are facing.
84.	Investigate changing agricultural pumping into a SW offering.	Not Integrated	SoCalGas has included an agricultural pumping measure in the Local BEEP program. Due to the complexity of the measurement methodology and variability of customer equipment, making this item a prescriptive measure would not be practical.
85.	Reward EE participants with publicity, e.g., LA Times.	Integrated	This recommendation is addressed in the Recognition component of the BEEP program and is a major goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
86.	Investigate industrial program whitepaper posted on joint website	Integrated	SoCalGas created an "Industrial EE End User component of the Education and Training program. The program will be a collaborative effort with CEC, DOE, universities, and the State's industrial assessment centers. The SoCalGas BEEP and Savings By Design programs focus largely on large industrial customers as well.
87.	Collaborate among SCE and SCG on the Building Retro-commissioning program	Integrated	SoCalGas/SCE plan to collaborate on this program. Details will be provided in SoCalGas supplemental filing outlining Energy Efficiency Collaborations.

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
88.	We should continue to focus on manufacturing processes for EE.	Integrated	The BEEP program addressees manufacturing process improvements. Savings By Design will also increase focus on manufacturing processes for plant expansions and major plant renovations.
<b><i>Sustainable Communities</i></b>			
89.	Link Sustainable Communities to “green” policy; and showcase at the Municipal Green Workshop at the ERC.	Integrated	The thrust of the Sustainable Communities program is based on “green” policies and will be showcased at the upcoming Municipal Green Workshops held at the ERC.
90.	Partner with a European city to co-promote sustainability communities.	Pending	Will be considered in later stages of program design.
<b><i>White Papers Relevant to SoCalGas</i></b>			
91.	Whitepaper - Quality and Comfort Assurance in the Home Remodeling Market	Integrated	SoCalGas supports the bulk of recommendations in this white paper. The RFP for the third-party Residential Upstream Central Heating Replacement, and Midstream Duct Testing and Sealing and Quality Installation Assurance concept will address this recommendation
92.	Whitepaper - Commercial Gas Water Heating	Integrated	SoCalGas supports the bulk of the recommendations in this white paper. The RFP for the third-party Comprehensive/Innovative Upstream/Midstream/Downstream Water Heating Replacement and Residential Advanced Home Remodeling/Renovation concept will address this recommendation.
93.	Whitepaper - \$100 Million Loan Program	Not Integrated	Beyond the scope of this filing.
94.	Whitepaper - PAYS Program	Pending	SoCalGas finds this program interesting and will evaluate its’ potential as part of the on-bill financing program.
95.	Whitepaper - CHEERS	Pending	SoCalGas sees value in the topics outlined in this white paper and will utilize it for the design of third-party RFPs and for enhancement of core programs in the portfolio.
96.	Whitepaper - Domestic Hot Water Heating Program	Integrated	SoCalGas supports the bulk of the recommendations in this white paper. The RFP for the third-party Comprehensive/Innovative Upstream/Midstream/Downstream Water Heating Replacement and Residential Advanced Home Remodeling/Renovation concept will address this recommendation.
	Whitepaper - Industrial EE Program	Partially Integrated	SoCalGas has developed an Industrial Training component of the 2006-2008 Education and Training Program. This program will be a collaborative effort with the CEC, DOE, universities, and the State’s industrial assessment centers. Other ideas brought by this white paper will be incorporated in the RFP for the

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
			third-party Small-Medium Industrial Customer Process Improvement concept.
97.	Whitepaper - Statewide Program Ideas for Consideration by Portfolio Administrators	Partially Integrated	There are a wide variety of recommendations in this white paper. Those applicable to SoCalGas have been addressed elsewhere in this table.
98.	Whitepaper - NRDC Energy Efficiency Program Ideas	Integrated	There are a wide variety of recommendations in this white paper. Those applicable to SoCalGas have been addressed elsewhere in this table.
<b>Miscellaneous</b>			
99.	Upstream strategy for the manufactured home market.	Integrated	SoCalGas has developed the third-party Mobile/ Manufactured Home Innovative Outreach and Measure Installation concept to address this market segment. An upstream equipment component will be required as part of the RFP.
100.	Recommendation for collaborating with other entities during the three- year-cycle versus only having collaborations identified during planning process.	Integrated	SoCalGas intends to constantly review our collaborative efforts for continued relevancy, cost-effectiveness and success toward goal. It is fully expected collaborations may change over the planning horizon and SoCalGas will advise the PAG, PRG and CPUC accordingly.
101.	Support for targeted bidding approach and two-stage bidding approach.	Integrated	SoCalGas will employ such approaches in our competitive bidding process.
102.	Suggestion to raise the diversity plan with program subcontractors.	Integrated	This is a strong corporate commitment. SoCalGas has been and will continue to encourage participation from WMDVBE subcontractors and third-party participants.
103.	Incorporate Fuel Switching as an energy efficiency option.	Not Integrated	SoCalGas analyzed fuel switching technologies as an appropriate energy efficiency measure but did not propose any fuel switching programs in this portfolio due to technology (three prong test failures) and portfolio management issues (therm goals further increase with fuel substitution measures). However, SoCalGas believes fuel switching technologies can be an effective energy efficiency measure and will continue to investigate.
	Develop a certification program for homes that are brought up to a higher EE level.	Integrated	SoCalGas will include this and several other similar suggestions in the RFP for the Portfolio of the Future third-party concept.
104.	EE certification for existing homes. Include an EE component during time of sale inspections.	Integrated	SoCalGas will include this and several other similar suggestions in the RFP for the Portfolio of the Future third-party concept.

	<b>Recommendation</b>	<b>Status</b>	<b>SoCalGas Response</b>
105.	Need to address coordination with demand response, distributed generation and energy efficiency. The CPUC requires the energy efficiency and demand response applications to be filed the same day.	Integrated	As a natural gas utility, integrating SoCalGas' program portfolio with demand response options will always be challenging, but the portfolio is integrated with initiatives designed to promote renewable options. The Advanced Home Program, the Advanced Home Remodeling Program third-party concept, and the Sustainable Communities Programs all contain components that promote renewable technologies.
106.	Would like to see additional partnerships with water utilities.	Integrated	Several SoCalGas proposed programs and third-party concepts involve water utilities and districts.
107.	EE charge card. Reminder - Every time you touch a customer, think about the next sale. Repeat customer is easier than new.	Partially Integrated	Retailers do not support third-party consumer cards because of their technology limitations and, more importantly, competition with their own consumer credit cards including retailer cards. However, SoCalGas will address "repetitive customer contact" as a major goal of the SoCalGas Energy Efficiency Delivery Channel Innovation Program.
108.	Collaborate with Local Government to implement ordinances that would require homes/commercial properties to have a minimum level of efficiency at time of sale.	Pending	SoCalGas will prioritize this recommendation as negotiations for collaborations with governmental entities are designed.
109.	Need to address next generation of residential programs	Integrated	SoCalGas will include this in the RFP for the Portfolio of the Future third-party concept.
110.	Explanation on how you will identify ideas for the future program design and continuous improvements.	Integrated	The third-party Portfolio of the Future concept, public meetings, and interaction with third-party program implementers, the PAGs and PRG will provide a deep well of ideas for continuous improvement and new program ideas.
111.	Suggest increase funding for the energy centers. Also, host building inspector training including an outreach to various inspector associations	Integrated	SoCalGas believed the funding requested for the energy center is adequate to meet goals. SoCalGas will continue to leverage training opportunities for inspectors and work through their respective organizations for prospective collaborations over the course of the program period.
112.	Make EE mortgages more available to home buyers.	Integrated	This is the thrust of the Energy Efficiency Kiosk Pilot.
113.	Should coordinate with realtors for a financing option	Not Integrated	SoCalGas believes a collaborating with the financial institutions is a more efficient approach.
114.	Identify technologies and encourage bidders to present program designs to promote those technologies	Integrated	This will be part of SoCalGas' Innovation portion of the competitive bidding process.
115.	Suggestion to expand program beyond energy efficiency to include other aspects such as job creation, renewables, etc.	Integrated	SoCalGas believes this refers to the entire program portfolio. Job creation will in fact occur with elements of the core programs being subcontracted and with



	Recommendation	Status	SoCalGas Response
			the execution of agreements for third-party program proposals. Renewable technology exploitation is integrated in the portfolio through several core programs and third-party program concepts.
116.	Recommends close coordination with CEE, as it is working internationally with BOMA, to develop a series of training session to get customer buy-in, at the decision-making level, to install energy efficiency. This EE activity dovetails nicely with the BOC program.	Integrated	SoCalGas proposes integration of the BOC program into the Education and Training program then sub-contracting all training activities through a competitive bid process. SoCalGas is working collaboratively with the organizations suggested to develop a effective implementation and marketing strategy of the SoCalGas training program as well as the BOC and BOMA programs The UC/SCU/IOU collaboration will also remain closely tied to BOC.
117.	Suggest embedding a chip in a consumer card with customer account information which could be provider to retailer in order to capture necessary participation information.	Not Integrated	Retailers do not support third-party consumer cards because of their technology limitations and, more importantly, competition with their own consumer credit cards including retailer cards.
118.	Expedited permitting as an incentive through local government	Pending	This will be considered as collaborations are developed with municipalities. Details will be provided in SoCalGas' supplemental filing.