SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING REAUTHORIZATION OF THE
CUSTOMER INCENTIVE PROGRAM
(A.16-12-010)
DATA REQUEST ORA-SCG-02

(Follow-Up to ORA-SCG-01)

Date Requested: February 21, 2017
Date Submitted: March 6, 2017

PRELIMINARY STATEMENT

1. For efficiency and ease of reference, SoCalGas provides this Preliminary Statement.

2. These responses and objections are made without prejudice to, and are not a waiver of SoCalGas' right to rely on other facts or documents in these proceedings.

3. By making the accompanying responses and any objections, including but not limited to those contained in this Preliminary Statement, to these requests for data, SoCalGas does not waive, and hereby expressly reserves, its right to assert any and all objections as to the admissibility of such responses into evidence in this action, or in any other proceedings, on any and all grounds including, but not limited to, competency, relevancy, materiality, and privilege. Further, SoCalGas makes the responses and objections herein without in any way implying that it considers the requests, and responses to the requests, to be relevant or material to the subject matter of this action.

4. SoCalGas objects to the production of any documents or information protected by the attorney-client communication privilege or the attorney work product doctrine.

5. SoCalGas expressly reserves the right to supplement, clarify, revise, or correct any or all of the responses and objections herein, and to assert additional objections or privileges, in one or more subsequent supplemental response(s) or in any future responses.

7. SoCalGas objects to the questions to the extent they lack foundation, call for speculation, are vague and ambiguous as to specific terms and/or to the question in its entirety.

8. The Preliminary Statement is incorporated by reference into each Response to the Questions, below, as though fully stated therein.

SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING REAUTHORIZATION OF THE
CUSTOMER INCENTIVE PROGRAM
(A.16-12-010)
DATA REQUEST ORA-SCG-02

(Follow-Up to ORA-SCG-01)

Date Requested: February 21, 2017
Date Submitted: March 6, 2017

QUESTION 1:

Q1(a). Please explain whether the proposed CIP will retain the distinction between the two Programs, i.e., the CPFP and NCCLGP, should the proposed modification be approved.

Response Q1(a): The distinction between the CPFP and the NCCLGP will remain insofar as the balancing accounts are concerned. See Chapter III testimony for details on the Noncore Fixed Cost Account and Core Fixed Cost Account. However, the Application proposes to streamline the customer offerings in the CPFP and the NCCLGP into the CIP.

Clarify whether the Response Q1 (a) means:

> B/A accounts will remain open only through the term of the existing contracts, the customer offerings in the CPFP and NCCLGP will stop, and only the CIP will be offered.

RESPONSE 1:

Once the application is approved, only the CIP will be offered to new customers. Customers with existing contracts will be allowed to fulfill the term of their contracts under the Current Programs (referred to jointly as CPFP and NCCLGP). SoCalGas currently uses the CFCA and NFCA as separate balancing accounts for core and noncore customers, respectively, to ensure that applicable revenues are properly allocated to the respective rate classes. Those balancing accounts will continue to be used to adjust for the shareholder's incremental load revenues realized under the new CIP in order to ensure that the remaining balances in those accounts are accurate for proper rate distribution between core and noncore customers.

SOUTHERN CALIFORNIA GAS COMPANY
REQUESTING REAUTHORIZATION OF THE
CUSTOMER INCENTIVE PROGRAM
(A.16-12-010)
DATA REQUEST ORA-SCG-02

(Follow-Up to ORA-SCG-01)

Date Requested: February 21, 2017
Date Submitted: March 6, 2017

QUESTION 2:

Q.1(b): Please list in tabular format all proposed modifications to the Programs by identifying the program feature in a side by side comparison between the Current Programs and Proposed Modified Program called CIP.

Response Q1(b): SoCalGas provides the fundamental programmatic changes between the Current Programs and the proposed CIP in the table below.

(a) Confirm that the Response Q1(b) indicating Rate Discount offering under the Current Programs is offered to core customers only as shown in the 2^{nd} Column of the table.

(b) Please explain how this is consistent with Energy Resolution G-3515, which states at page 4 that the California Red Team Economic Development Effort program in the separate NonCore Competitive Load Growth Opportunities Program (NCCLGP):

> "authorizes SoCalGas to offer discounts to customers to keep them in state and allows utility shareholders to keep all incremental revenues for five years. To receive the discount, customers must sign an affidavit stating that the contract structure was a material factor in their decision to participate."

(c) Confirm that the Response Q1 (b) indicates there is no Funding of Public Purpose Program (PPP) Surcharge under the Current Programs as indicated by "None" shown in the 2^{nd} column of the table. Please explain how this "None" is consistent with the response to ORA-01 Q6(d) stating that:

> "The Current Programs were fully funded by SoCalGas shareholders. The proposed CIP will be fully funded by SoCalGas shareholders with certain modifications to benefit ratepayers as discussed in Chapter II and Chapter III testimony."

Response 2

(a) Under the Current Programs, the rate discount is only offered to core customers as indicated in the table for the Response to Q1 (b) of data request ORA-SCG-01.

Under the CIP, the rate discount will be one incentive option that will be offered to all eligible nonresidential customers.

(b) D.00-04-060 (page 114) lists both Rule 38 (under which the NCCLGP applies) and Red Team programs as “discounted contracts.” The “discounted contract” refers to an upfront payment incentive contract given to the customer and is not a reference to a rate discount.

(c) Correct, “None” in the table for the Response to Q1 (b) of data request ORA-SCG-01 indicates that there is no funding of the Public Purpose Program (PPP) Surcharge in the Current Programs. The “Current Programs” refer to the CPFP and the NCCLGP, meaning costs associated with those two programs were fully funded by shareholders. The modifications proposed under the CIP will have shareholders funding the expected incremental gains to the PPP Surcharge that would result from the incremental load.

QUESTION 3:

Q.6 (c): For each Program, please identify the verified SoCalGas annual energy efficiency benefits attributable to each of these programs in terms of gas therms saved since their establishment, if any, and compare them against the annual SoCalGas program targets/goals. If no gas therms saved were verified, please so state and explain the reason for this;

Response Q.6 (c): SoCalGas is not required to track energy efficiency benefits in terms of gas therms saved under the Current Programs.

(a) Confirm that Response Q.6 (c) means SoCalGas is unable to provide ORA with any verified SoCalGas annual energy efficiency benefits attributable to each of the current programs because SoCalGas is not required to track energy efficiency benefits in terms of gas therms saved under the Current Programs.

(b) If SoCalGas is unable to verify the benefits of the Current Programs, then please explain how the Commission is supposed to determine whether the Current Programs achieved any energy efficiency benefits at all (much less to continue them) and how this is consistent with SoCalGas' submitted comments (on March 21, 2016 on the draft Resolution G-3515) in which SoCalGas argued, that these customer programs supported customer investments in energy efficient technologies, and that energy efficiency and associated technology **gains** could be lost if the programs were suspended immediately.

RESPONSE 3:

(a) Yes, SoCalGas is unable to provide ORA with any verified annual energy efficiency benefits attributable to each of the Current Programs because SoCalGas was not required to track energy efficiency savings, as energy efficiency was only one qualifying component.

(b) While SoCalGas did not track actual energy efficiency gains, certain technologies were required to be energy efficient in order to qualify for the incentive under the program. For example, cogeneration systems improve the overall efficiency of a customer's site by utilizing waste heat while producing electric power. According to the US Department of Energy, "It is reasonable to expect CHP applications to operate at 65-75% efficiency, a large improvement over the national average of ~50% for these services when separately provided."[1] Knowing that the design provided energy efficiency gains, incentives could be provided without having to track energy efficiency gains.

The Commission recognized these efficiency gains and in Ordering Paragraph 5 requires SoCalGas in its 2017 Advice Letter to explain how new contracts improved energy efficiency:

> *In its 2017 Advice Letter filing, SoCalGas shall explain how new contracts improved energy efficiency.*
>
> a. *For the Core Pricing Flexibility Program, the report should include: customer name, technology installed, projected energy savings, whether the customer was existing or new, the baseload quantity, the minimum incremental quantity, the contract term, the tariff used, the set of qualifications each customer was required to meet to receive that tariff, whether the customer received a volumetric discount or an upfront billing credit, the value of that incentive or discount, and a copy of the contract.*
> b. *For the Noncore Competitive Load Growth Opportunities Program, the report should include: customer name, technology installed, projected energy savings, whether the customer was existing or new, contract type, minimum annual quantity, incentive(s), contract term, and a copy of the contract.*

As such, in the proposed CIP, SoCalGas is requesting that customers demonstrate energy usage and SoCalGas will provide the energy usage information in its 2017 Advice Letter filing.[2]

[1] https://www.energy.gov/eere/amo/combined-heat-and-power-basics
[2] See Appendix B- CIP Agreement, Form 6700-1; available at: https://www.socalgas.com/regulatory/documents/a-16-12-xxx/Appendix%20B-%206700-1%20Customer%20Incentive%20Program%20Agreement.pdf